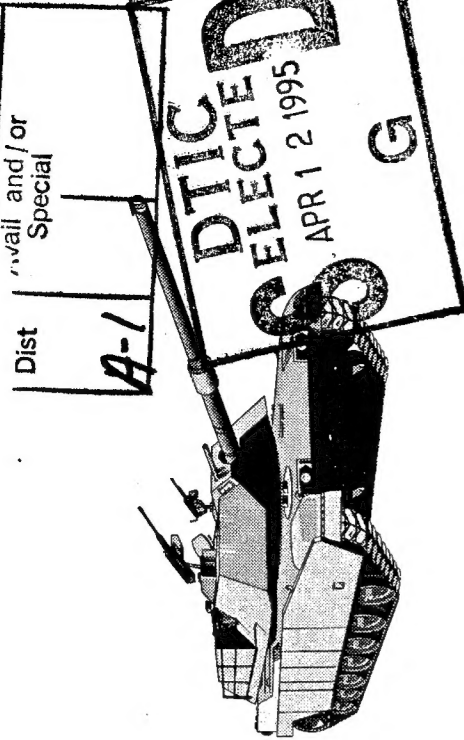
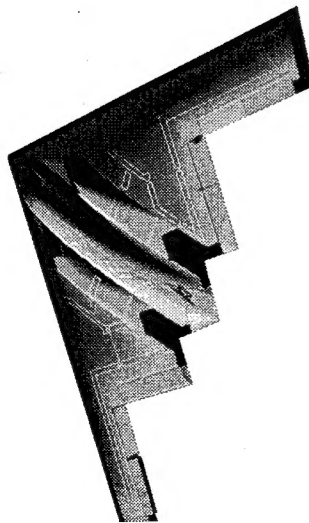


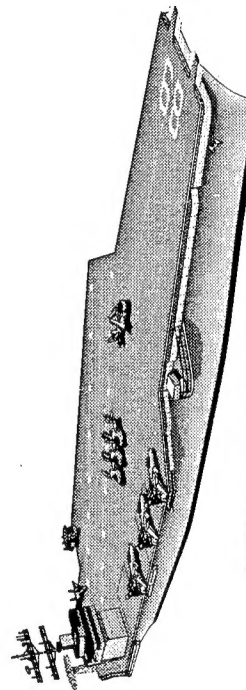
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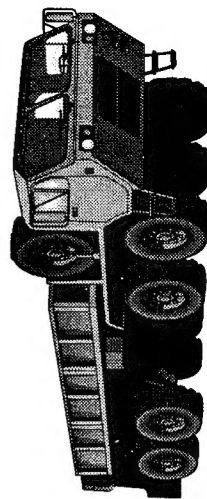
February 1995



FY 1996/FY 1997 Biennial Budget Estimates



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O&M TOA BY SERVICE BY APPROPRIATION

(\$ in Millions)

	FY 1994 Actual	FY 1995 Estimate	FY 1996 Estimate	FY 1997 Estimate	95-96 Change	96-97 Change
Army						
Army Reserve	21,246.4	21,370.3	21,557.4	20,936.3	+187.1	-621.1
Army National Guard	17,942.5	17,700.1	18,184.7	17,628.3	+484.6	-556.4
Rifle Practice, Army	1,072.7	1,240.2	1,068.6	1,033.6	-171.6	-35.0
	2,228.7	2,427.5	2,304.1	2,274.4	-123.4	-29.7
	2.5	2.5	-	-	-2.5	-
Navy						
Navy	23,604.9	24,311.3	24,411.7	23,499.5	+100.4	-912.2
Marine Corps	20,853.9	21,328.7	21,225.7	20,254.5	-103.0	-971.2
Navy Reserve	1,902.5	2,069.4	2,269.7	2,285.0	+200.3	+15.3
Marine Corps Reserve	757.3	831.3	826.0	864.7	-5.3	+38.7
	91.2	81.9	90.3	95.3	+8.4	+5.0
Air Force						
Air Force	24,541.9	23,198.6	22,454.7	22,629.2	-743.9	+174.5
Air Force Reserve	20,518.9	18,954.2	18,256.6	18,346.9	-697.6	+90.3
Air National Guard	1,357.7	1,471.5	1,485.9	1,509.0	+14.4	+23.1
	2,665.3	2,772.9	2,712.2	2,773.3	-60.7	+61.1
Defensewide and Other						
Defensewide	19,592.1	23,164.2	23,525.5	23,531.7	+361.3	+6.2
Inspector General	9,513.2	10,042.6	10,366.8	10,492.2	+324.2	+125.4
Court of Military Appeals	135.4	140.9	139.2	139.9	-1.7	+0.7
Summer Olympics	5.7	6.1	6.5	6.6	+0.4	+0.1
Special Olympics	1.1	18.2	15.0	-	-3.2	-15.0
Environmental Restoration	-	3.0	-	-	-3.0	-
Humanitarian Assistance	-	1,781.5	1,622.2	1,622.2	-159.3	-
Drug Interdiction	103.0	65.0	79.8	71.6	+14.8	-8.2
International Peacekeeping	-	721.3	680.4	700.8	-40.9	+20.4
Payment to Kaho'olawe Island	-	-	65.0	100.0	+65.0	+35.0
World University Games	1.3	63.7	26.0	15.0	-37.7	-11.0
World Cup	0.7	-	-	-	-	-
Defense Health Program	6.4	1.1	-	-	-1.1	-
Disaster Relief	9,617.8	9,920.8	10,153.6	10,019.0	+232.8	-134.6
Former Soviet Union Threat Red.	5.0	-	-	-	-	-
	202.5	400.0	371.0	364.4	-29.0	-6.6
Total Obligation Authority	88,985.2	92,044.4	91,949.5	90,596.7	-94.9	-1,352.8
Financing Adjustments						
	-644.3	+40.1	-17.8	-6.9	-57.9	+10.9
Total Budget Authority	88,340.9	92,084.5	91,931.7	90,589.8	-152.8	-1,341.9
Total may not add due to rounding.						

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O&M TOA BY SERVICE BY APPROPRIATION

OPERATION AND MAINTENANCE TITLE SUMMARY

(\$ in Millions)

FY 1994	Price	Program	FY 1995	Price	Program	FY 1996	Price	Program	FY 1997
Actual	Growth	Growth	Estimate	Growth	Growth	Estimate	Growth	Growth	Estimate
88,985.2	+3,330.6	-271.7	92,044.4	+1,874.2	-1,969.0	91,9459.5	+2,218.2	-3,571.0	90,596.7

The amounts reflected in this Overview are expressed in Total Obligational Authority (TOA) terms. TOA includes Budget Authority (BA) and financing adjustments. The previous summary chart identifies the TOA by appropriation within the O&M Title and also identifies the net financing adjustments. The FY 1994 financing adjustment decrease to TOA of \$644.3 million primarily reflects the transfer of \$483.6 million from the Foreign Currency Fluctuations, Defense (FCF,D) account to FY 1994 O&M accounts and the one-time carry forward of \$979 million in unobligated balances into the O&M, D-W account. These adjustments are partially offset by the transfer in of lapsed balances into the Foreign Currency Fluctuations, Defense (FCF,D) account, unobligated balances, and receipts which are included in BA only. The relatively small financing adjustments in FY 1995 through FY 1997 are the net effect of the carry forward of unobligated balances and receipts included in BA only.

Consistent with the experience of recent years, O&M TOA at the Title level through FY 1996 continues to increase as a percentage of the DoD National Defense Function. In FY 1996, the O&M share of the Defense budget is 37.2 percent, up from the FY 1995 level of 36.3 percent. The increasing share occurs as the Department continues to place a priority on near term readiness programs and respond to new dangers and opportunities of the post-Cold War world and as a result of the lag between base closures and realignments and the overall drawdown in DoD programs. For FY 1997, the O&M TOA share at 37.1 percent is little changed from that in FY 1996.

O&M PRICING

Price growth amounts shown in the table above reflect the additional cost of executing the previous year's program at the next year's prices. In general, price growth amounts are estimated by applying price change rates to amounts budgeted for various commodity groups, i. e., civilian pay, Business Fund purchases, medical supply purchases, general non-personnel purchases, etc.. Rates used for the major commodity groups follow:

OPERATION AND MAINTENANCE TITLE SUMMARY

- For civilian pay, FY 1995 price growth is based on locality pay raises for classified and wage board employees which was effective January 1, 1994. These raises averaged 3.1/2.6 percent for classified/wage grade employees. It also provides for foreign national employee pay raises at the rates the host country provided its public sector personnel. For FY 1996/FY 1997, the price growth amount reflects the annualization of the prior year's pay raise and a new pay raise, effective January 1 for each year, of 2.4/3.1 per cent for classified, wage board, and foreign national employees.
- Consistent with OMB direction, the general non-personnel purchases rate is 2.8 percent in FY 1995 and 3.0 percent in FY 1996 and FY 1997.
- Fuel purchases from the Business Fund decrease an average of 12.4 percent in FY 1995 and increase by 5.3/1.3 percent in FY 1996/FY 1997. With these rate changes, Business Fund customers pay an average cost per barrel of \$29.82 in FY 1995 and \$31.50/\$31.92 in FY 1996/FY 1997.
- Other Business Fund rate changes by business area and from year to year vary significantly. Maintenance rates in FY 1996 are generally down sharply, decreasing by 23.1/17.5/6.4 percent for the Army Depot System Command, the Navy aviation depots, and Air Force depot contract maintenance, respectively. However, Navy ship yard rates are unchanged and Air Force organic depot maintenance rates increase by 1.2 percent. Maintenance rates increase in FY 1997 for all Components, with increases ranging from 3.3 percent for Navy aviation depots to 9.9 percent for the Army Depot System Command. Supply rate changes are mixed in FY 1996 with Navy and Air Force rates dropping by 22.5/16.5 per cent, respectively, and the Army and Defense Logistics Agency (DLA) rates increasing by 5.3/.6 percent, respectively. For FY 1997, the Services' supply rates increase by 4.2/5.3 per cent for the Army and the Air Force, respectively, and by 11.8 per cent for the Navy. DLA rates decrease by 1.0 per cent.
- Above standard rate increases continue for much of the Defense Health Program (DHP) with price growth rates of 5.0 percent in FY 1995 and 5.3 percent in FY 1996/FY 1997 for CHAMPUS, direct care contracts, and medical supply and equipment purchases.
- The budget request for FY 1996/FY 1997 is based on foreign currency rates that reflect market conditions in late 1994. While some rates reflect an increase in the purchasing power of the U.S. dollar, that is not the case for a number of currencies, including the German, Japanese, and Korea currencies. It is in these countries that DoD

OPERATION AND MAINTENANCE TITLE SUMMARY

Components have their largest overseas presence and make most of their foreign currency purchases. Compared to the German Deutsche Mark (DM), the U.S. dollar decreases 8.7 percent in value, decreasing from 1.72 DM per U.S. dollar in FY 1995 to 1.57 DM in FY 1996/FY 1997. For the Japanese Yen the decrease is 8.0 percent, changing from 108.33 Yen in FY 1995 to 100.37 in FY 1996/FY 1997. The Korean Won decreases by 2.2 percent, moving from 809.06 Won in FY 1995 to 791.50 Won in FY 1996/FY 1997. Largely because of these rate changes, overall foreign currency rate changes increase price growth in FY 1996 by nearly \$170 million. This increased cost is, of course, carried forward in the FY 1997 budget request.

In addition to the amounts budgeted for price growth based on rates, the price growth amounts also include the following:

- The price growth amount in FY 1996 includes a one-time pass through of \$695.1 million from O&M, Navy to the Business Fund. The pass through is in lieu of rate changes and provides the Navy business areas the funding needed in FY 1996 to implement BRAC related restructuring. Correspondingly, the FY 1997 price growth amount reflects the elimination of this one time \$695.1 million cost.
- In FY 1995, the Congress authorized the free issue of supplies and military sealift services up to \$178.7 million. To implement this authority, the Department will issue supply/sealift credits to the authorized appropriations. These credits which effectively lower the cost of supplies/sealift to O&M customers are separately identified in the budget as an offset to price growth in FY 1995. Elimination of these credits increases FY 1996 price growth by a like amount.

OPERATION AND MAINTENANCE TITLE SUMMARY

O&M PROGRAM

Based on these pricing assumptions, the O&M program decreases by \$1,969.0/\$3,572.0 million in FY 1996/FY 1997. The FY 1996 program decrease of \$1,969.0 million includes net functional transfers out of O&M of \$147.8 million and other program changes which net to a decrease of \$1,821.2 million. For FY 1997, the program decrease of \$3,572.0 million does not include any significant transfers. The following sections provide highlights of the O&M program in terms of Net Other Program Change and Functional Transfers (FY 1996 Only).

NET OTHER PROGRAM CHANGE (FY 1996, \$-1,821.2 million; FY 1997, \$-3,572.0 million):

- While each of the Services continues to downsize, readiness is the Department's first priority. O&M support of readiness is demonstrated in a number of ways including providing for a high level of readiness training. The Active Army budget request supports objective OPTEMPO rates of 800 miles per year for combat vehicles and 14.5 flying hours per month per tactical aircrew. The Active Navy steaming days are at the normal planning level of 50.5/29.0 days per quarter for the deployed/nondeployed fleets. Further, active Naval tactical air primary mission readiness (PMR) rates will remain at 85 percent, reflecting 24.0 flying hours per month per pilot. Similarly, Air Force tactical fighter aircrew flying hour rates have been set at 19.9 flying hours per pilot per month. Reserve Component OPTEMPO rates for the Navy and Air Force continue at levels consistent with prior year rates. The Army, however, has introduced a tiered resourcing strategy for its Reserve Components OPTEMPO. This strategy fully funds all Crisis Response Forces and Contingency Force Pool units. Later deploying units are resourced at lower readiness levels.

- Building on the increased emphasis placed on Real Property Maintenance (RPM) in FY 1995, the budget reflects program growth for RPM of approximately \$770 million in FY 1996. This increase recognizes that RPM funding in recent years has been insufficient for the maintenance of Defense facilities, resulting in the deferral of badly needed repairs and a backlog of maintenance and repair that is of concern. For FY 1997, other priorities force the Department to give up about \$200 million of the FY 1996 program growth.

- Depot maintenance programs decrease in FY 1996/FY 1997 by \$520.2 million/\$407.9 million. About two thirds of the program decrease in FY 1996 results from changes in the Navy program, primarily a decrease in ship depot maintenance requirements. Army

OPERATION AND MAINTENANCE TITLE SUMMARY

depot maintenance shows a programmatic decline of \$149.0 from FY 1995 to FY 1996. Other Components show minor program decreases offset by program increases in the Air Force and the Army National Guard. For FY 1997, the Navy shows the most significant program decrease followed by minor program decreases in the Army, partially offset by increases in the Air Force program. With these decreases, the unfunded financial backlog increases from \$1.0 billion in FY 1995 to \$1.3/\$1.5 billion in FY 1996/FY 1997. Never-the-less, based on past experience, this backlog is expected to decrease significantly during execution as maintenance is accomplished at other than depot level, a larger percent of the inventory than projected passes periodic inspection and does not require depot maintenance, and force structure changes subsequent to the budget submission reduce depot maintenance requirements.

- Mobilization programs, excluding functional transfers, in FY 1996 decrease at the O&M Title level by nearly \$520 million. This net program decrease includes a reduction of approximately \$225 million in Air Force airlift subsidy payments to the Business Fund, a reduction that is made possible by projected USTRANSCOM operating results. It also includes a reduction of \$324.3 million in Navy requirements, primarily because of fewer inactivations in FY 1996. The FY 1996 mobilization program includes an increase of over \$64 million to provide financing for the transfer of stocks from seven Army interim roll-on/roll-off (RO/RO) ships to five new large medium speed RO/RO ships and for additional Army prepositioned stock maintenance. Overall funding for Mobilization programs in FY 1997, in real terms, is largely unchanged from the FY 1996 level - with Navy program growth for increased ship and submarine inactivations off set by maturing of the Army's Strategic Mobility Program.

- Environmental programs in the O&M Title are funded at \$3.3/\$3.2 billion in FY 1996/FY 1997, down in real terms from the FY 1995 level by about \$126/\$197 million. These decreases are primarily driven by reductions in cleanup activities as the Department incorporates a relative risk approach to environmental cleanup. This process will enable the Department to prioritize cleanup activities that pose the greatest risk to the health and safety of the environment and the public. Also included is a decrease in FY 1996 of \$41.5 related to the Legacy Conservation program.

- Force structure and other Active Component highlights follow:

- Active Army O&M programs, excluding functional transfers and those programs addressed above, decrease by \$54.4 million in FY 1996 and by \$819.6 million in FY 1997. The FY 1996 Army program includes decreases of almost \$450 million for force structure downsizing, and reduced communication, Pentagon renovation, and

OPERATION AND MAINTENANCE TITLE SUMMARY

retrograding equipment from Europe requirements. These decreases are partially equally off set by increases for improving the quality of Army personnel; enhancements for the force projection infrastructure, including command, control, communication and computer platforms; classified projects; operations in Korea; and Title XI initiatives for Active training of the Reserve Component; and other program initiatives. The FY 1997 decrease includes additional reductions related to downsizing and programs, not yet defined, primarily forced by constrained resources.

●● Similarly, active Navy O&M programs decrease by \$358.2 million in FY 1996 and \$607.6 million in FY 1997. The FY 1996 reduction results primarily from a decline in both naval and aviation forces, their support structure and base closure savings. The FY 1997 decrease includes ship and aviation force downsizing, management initiatives to restructure and streamline the maintenance infrastructure, and Base Closure III savings. Additionally, the FY 1997 reduction includes \$421 for projected BRAC IV savings.

●● For the active Marine Corps, the FY 1996 and FY 1997 force structure and other program change increase by \$15.5 million in FY 1996 and by \$12.8 million in FY 1997. The FY 1996 program increases primarily to fund Depot Level Repairables (DLRs) and quality of life initiatives. These increases are partially offset by savings from the BRAC closures and increased burdensharing in Japan. Program growth in FY 1997 includes additional funding for Depot Level Repairables and Child Development Programs and Family Service Centers. Partially offsetting these increases are reduced requirements for overseas transportation resulting from unit relocations, deactivations, and reorganizations and various one-time FY 1996 costs.

●● Active Air Force programs, again excluding functional transfers and those already addressed, decrease by \$447.2 million in FY 1996 and by \$437.4 million in FY 1997. These reductions are also driven primarily by force structure adjustments such as retirement of the F-4G and the accelerated retirement of the F-111F aircraft and a downsized base structure. It also includes reductions for decapitalizing ICBM missile guidance sets, the Defense Airborne Reconnaissance Program (DARP) and classified programs. These decreases are partially offset by increases to support the beddown of four additional B-2 aircraft, the arrival of the first three JOINT STARS aircraft and additional pilot and navigator production. For FY 1997, the \$416.4 million decrease is primarily related to force structure adjustments to include the complete retirement of the F-111F and F-4G, the reduction of 2 B-1B PAA, and additional base closures.

OPERATION AND MAINTENANCE TITLE SUMMARY

● The O&M, Defense-Wide appropriation has a net program decrease of \$194.3/\$180.5 million in FY 1996/FY 1997. These reductions are driven in large part (\$-246.0/\$-96.9) by Agency downsizing and reduced civilian workyears. The FY 1996 decrease also reflects the elimination of funding for a number of Defense Conversion programs (\$147.3 million) and one-time funding in FY 1995, primarily of programs added by the Congress. Partially offsetting the FY 1996 decrease are increases for programs in the classified/intelligence/communication area (\$164.9 Million), the Partnership for Peace program (\$9.1 million), training and education of the acquisition and financial management workforce (\$32.4 million), and the Federal Energy Management program (\$58.8 million). For FY 1997, the O&M,D-W appropriation request reflects further decreases primarily because of the elimination of \$83.9 million in one-time FY 1996 funding for the lease costs of the DBMU facility in Southbridge, Massachusetts (\$71.3 million) and classified programs (\$12.1 million).

● The Defense Health Program (DHP) decreases by a net \$106.0/\$582.8 million in FY 1996/FY 1997. Program requirements are reduced as the beneficiary population decreases and savings accrue from shifting care from CHAMPUS benefits to Managed Care Support (MCS) contracts. The decrease in FY 1996 is partially offset by the net effect of eliminating funding for one-time FY 1995 MCS contract implementation costs of \$92.4 million while including one-time MCS contract implementation costs of \$411.0 million in FY 1996, a net increase of \$318.6 million. In FY 1997, net MCS contract implementation costs are only \$15.2 million, allowing net savings in the DHP to increase substantially. The FY 1996/FY 1997 DHP request also reflects the phased closure of the Uniformed Services University of the Health Sciences.

● The FY 1996/FY 1997 budget also proposes new legislation to establish an International Peacekeeping and Peace Enforcement Activities Account that would support U.S. payment of United Nations peacekeeping and peace enforcement assessments for operations which the Department of Defense has lead funding and management responsibility. The State Department would continue to have responsibility for payment of assessments for all other peacekeeping and peace enforcement operations, which are the vast majority of current UN actions. Funding for the new account is \$65 million in FY 1996, increasing to \$100 million in FY 1997.

● In FY 1995, much of the locality pay raise could not be funded from within available O&M resources without unacceptable program deferrals and cancellations. To avoid these consequences, DoD Components plan to cover the unfunded locality pay raise in formal reprogramming action. Pending the reprogramming increase to the FY 1995 O&M base,

OPERATION AND MAINTENANCE TITLE SUMMARY

FY 1996 program growth includes \$93.4 million for the effect of the unfunded FY 1995 locality pay raise. With the reprogramming considered, this growth is eliminated.

NET FUNCTIONAL TRANSFERS (FY 1996, \$-147.8 million; FY 1997, \$+1.0 million):

<u>Function/Activity</u>	<u>FY 1996</u>	<u>FY 1997</u>
● <u>Procurement threshold.</u> Consistent with the goals of the National Performance Review and the Defense Performance Review to make the acquisition process run more efficiently, funds for the purchase of non-centrally managed equipment were transferred from the procurement accounts into the O&M accounts.	+237.3	-
● <u>Cost of Contracting.</u> Currently the cost of contracting for services and purchases is included in supply rates that the Fitting Out Support Assistance Centers and Fleet Industrial Supply Centers pay as part of DBOF rates. Now funding for contracting support will be mission funded in O&M at supply centers.	+118.1	-
● <u>Defense Business Operations Fund (DBOF)-Transportation Subsidy.</u> The AF as executive agent for the DBOF Airlift Transportation Account pays DBOF the difference between what that account generates in revenue less expenses. Included in this subsidy was the cost of military personnel salaries. This functional transfer shifts these salary costs back to the MilPers account.	-472.1	-
● <u>F15/F16 Post Production.</u> Despite the fact that production of the F-15 and F-16 has stopped, operational flight program updates and software block changes continue to be developed. These changes expand the performance envelope and enhance the weapons capabilities of these planes and rightfully should be funded out of R&D funds,	-47.8	-
● <u>Other Net Transfers</u>	<u>+16.7</u>	<u>+1.0</u>
TOTAL	-147.8	+1.0

Army

(\$ in Millions)

FY 1994 Actual	Price Growth	Program Growth	FY 1995 Estimate	Price Growth	Program Growth	FY 1996 Estimate	Price Growth	Program Growth	FY 1997 Estimate
17,942.5	593.1	-835.5	17,700.1	373.0	111.6	18,184.7	569.1	-1,125.6	17,628.2

The Operation and Maintenance, Army appropriation finances the day-to-day activities of Army forces located in the U.S. and overseas. The appropriation supports the key ingredients of combat readiness by providing the funds necessary to operate and maintain combat vehicles and weapon systems, train personnel, and operate command and control systems. The appropriation also funds essential combat related activities such as intelligence, logistics, base operations, and maintenance of Army facilities. In FY 1996, the Army completes the final stage of the troop drawdown which began in FY 1991. Between FY 1995 and FY 1996, Army troop strength decreases from 510,000 to the baseline force of 495,000 and active combat divisions decrease from 12 to 10.

Program/Price Growth. The FY 1996 budget request is \$484.6 million (3%) above the FY 1995 level. This increase is the net effect of a \$373.0 million price increase; a decrease of \$43.8 million in functional transfers out of the appropriation; and a net program increase of \$155.3 million. Program increases include \$275.0 million for real property maintenance, \$179.8 million for base support, and \$113.8 million for prepositioning equipment afloat. Program decreases include \$200.0 million for force structure reductions, \$149.0 for depot maintenance, and \$157.9 for retrograding equipment from Europe. The FY 1997 budget request is \$556.5 million (3%) below the FY 1996 level. This decrease is the net result of a \$569.1 million price increase and a \$1,125.6 million program decrease, primarily resulting from a smaller, more stable force; maturing of the Army's Strategic Mobility Program; and constrained resources.

Functional Transfers. Functional transfers decreased O&M funding by a net \$43.8 million in FY 1996, primarily as a result of a \$45.9 million transfer out to O&M, Army National Guard to fund the Operational Support Airlift Command. The National Guard assumption of this mission will result in greater efficiency and availability of the support provided to each component.

Budget Activity 1 - Operating Forces

This budget activity consists of two categories: Land Forces and Land Operations Support. The FY 1996 Operating Forces program increases by \$255.4 million (3%) from \$9,065.5 million to \$9,320.9 million. This increase is the net effect of a \$186.2 million price increase; a \$46.7 million functional transfer decrease; and a \$115.9 million program increase. The FY 1996 program provides for a \$321.3 million increase in real property maintenance to reduce the amount of deferred maintenance and a \$99.5 million increase in base support funding to improve the quality of life of soldiers. It also includes \$24.6 million for the relocation of the U.S. Southern Command Headquarters. The program contains a \$21.5 million increase to fully fund Army operations in Korea; a \$36.6 million increase in range operations; and a \$42.9 million increase to fund Title XI, an initiative in which active duty personnel train guard and reserve personnel.

Major program decreases in FY 1996 include a \$182.5 million force structure reduction and a \$149.0 million decrease in depot maintenance associated with the continuing troop drawdown. There is also a \$80.1 reduction in the program to retrograde equipment from Europe, as the program nears completion.

In FY 1997, the Operating Forces program decreases by \$349.2 million from \$9,320.9 million to \$8,971.7 million. This decrease is the net result of a \$274.8 million price increase; a \$218.7 million program decrease due to a smaller force structure; a \$398.8 million reduction, not yet defined, largely associated with constrained resources; and a \$6.5 million transfer out.

Budget Activity 2 - Mobilization

As the Army transitions to a more regionally focused CONUS based force, mobilization becomes a more critical component of the national defense strategy. With less reliance on forward deployed forces, the prepositioning of equipment required for wartime operations becomes a vital component of the Army's crisis response capability. In addition, the infrastructure for mobilization, particularly port facilities and railheads, becomes much more essential. From FY 1995 to FY 1996, mobilization funding increases by \$113.0 million (20%) from \$583.8 million to \$696.8 million. This increase is the net effect of a \$48.7 million price increase and a \$64.3 million program increase which fully funds the Army's Strategic Mobility Program. The program increase supports the transfer of prepositioned stocks from temporarily leased Roll-On/Roll-Off ships to

procured Large Medium Speed Roll-On/Roll-Off ships and additional prepositioned stock maintenance.

In FY 1997, the Mobilization program decreases by \$92.1 million from \$696.8 million to \$604.7 million. This decrease is the net result of a \$14.6 million price increase; a \$127.3 million program decrease and a \$20.6 million transfer in. The FY 1997 program decrease results as the Army's Strategic Mobility Program reaches maturity.

Budget Activity 3 - Training and Recruiting

This budget activity consists of three categories: Accession Training; Basic Skill and Advanced Training; and Recruiting. From FY 1995 to FY 1996, this budget activity increases by \$101.6 million (3%) from \$2,964.5 million to \$3,066.1 million. This increase is the net effect of a \$81.4 million price increase, a \$28.5 million program increase, and \$8.3 million in transfers out.

Accession Training increases by \$8.8 million from \$306.0 million to \$314.8 million between FY 1995 and FY 1996. This includes a \$7.2 million price increase and a \$1.7 million transfer in of training support of senior Reserve Officer Training Corps (ROTC).

Basic Skill and Advanced Training increases by \$65.7 million from \$1,994.4 million to \$2,060.1 million between FY 1995 and FY 1996. This includes a \$56.8 million price increase; net transfers out of \$10.0 million; and a \$18.9 million program increase. The program growth is attributable to a \$61.1 million increase in real property maintenance, and a \$35.6 million increase in base support, partially offset by workload decreases in specialized training and professional development training.

Recruiting and Other Training and Education increases by \$27.1 million from \$664.1 million to \$691.2 million between FY 1995 and FY 1996. This includes a \$17.5 million price increase and a \$9.6 million program increase. The program increase is attributable to an 18% increase in the Army's recruiting mission as the Army faces increased competition for recruits as the economy recovers and private sector employment opportunities increase.

In FY 1997, this budget activity increases by \$77.3 million from \$3,066.1 million to \$3,143.4 million. This increase is the net result of a \$86.1 million price increase, a \$4.5 million program decrease and a \$4.3 million transfer out.

Budget Activity 4 - Administration and Servicewide Activities

This budget activity consists of four categories: Security Programs; Logistics Operations; Servicewide Support; and Support of Other Nations. From FY 1995 to FY 1996, this budget activity increases by \$14.5 million from \$5,086.4 million to \$5,100.9 million. This increase is the net effect of a \$56.7 million price increase; \$11.1 million net transfers in; and a \$53.3 million program decrease.

Security Programs decrease by \$20.8 million from \$383.1 million to \$362.3 million between FY 1995 and FY 1996 essentially because of a \$35.5 million decrease in classified programs, which is documented and justified in a separate classified budget submission.

Logistics Operations decrease by \$52.9 million from \$1,683.2 million to \$1,630.3 million between FY 1995 and FY 1996. This funding change includes a \$33.9 million price increase; \$19.1 million in net transfers out; and a \$67.7 million program decrease. The program decrease results from the net effect of a \$82.4 million increase in technical contract support of new weapon systems; and an aggregate \$156.5 million reduction in funding for equipment retrograde from Europe, logistic support activities, and conventional ammunition management. These latter program reductions result from the diminishing requirements of a smaller force.

Servicewide Support increases by \$77.4 million from \$2,748.7 million to \$2,796.6 million from FY 1995 to FY 1996. This increase reflects a \$2.7 million price increase; \$27.4 million in net transfers in; and a \$47.4 million net program increase. Program changes include a \$60.0 million program increase in real property maintenance; a \$53.0 million increase in funding of force projection infrastructure, including command, control, communication and computer platforms at seven contingency corps installations; a \$46.5 million reduction in force structure communication requirements; and a \$33.9 million reduction resulting from a rephrasing of the Pentagon renovation project.

Support of Other Nations increases by \$10.8 million from \$271.4 million to \$282.2 million in FY 1996. This increase results from price growth of \$8.7 million and a program increase of \$2.1 million, largely for severance payments to departing employees.

In FY 1997, this budget activity decreases by \$192.4 million from \$5,100.9 million to \$4,908.5 million. This increase is the net result of a \$193.6 million price increase; a \$396.8 million program decrease, not yet defined, primarily forced by constrained resources; and a \$10.8 million transfer in.

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(\$ in Millions)

FY 1994 Actual	Price Growth	Program Growth	FY 1995 Estimate	Price Growth	Program Growth	FY 1996 Estimate	Price Growth	Program Growth	FY 1997 Estimate
20,853.9	+1,105.2	-630.4	21,328.7	+605.0	-708.0	21,225.7	+51.9	-1,023.1	20,254.5

The Operation and Maintenance, Navy (O&M,N) appropriation finances the day-to-day costs of operating and training naval forces, including fuel, supplies, and maintenance costs of ships, Navy and Marine Corps aircraft, other related weapon systems, and the support establishment ashore for naval forces.

The FY 1996 estimate of \$21,225.7 million includes price growth of \$605 million. This pricing increase results from a \$695.1 million one-time pass through to the Defense Business Operations Fund (DBOF) associated with losses at closing DBOF activities, DBOF materials and supplies price changes and lower charges by the Defense Finance and Accounting Service (DFAS). The program reduction of \$708.0 million includes program decreases of \$856.1 million partially offset by net transfers of \$148.2 million. Significant transfers include: resources for Fitting Out Support Assistance Team (FOSSAC), large and small purchases performed at Fleet Industrial Support Centers from the DBOF, and the realignment of noncentrally managed equipment purchases from the procurement accounts. Program decreases result from a decline in both naval forces and aviation forces and their support structure, base closure savings and a cyclical decline in depot maintenance.

The FY 1997 estimate of \$20,254.5 million includes price growth of \$51.9 million. This price increase primarily results from civilian pay raises, Defense Business Operations Fund (DBOF) materials and supplies price changes, other purchases inflation and is offset by deletion of the one-time pass through to the DBOF in FY 1996. The program reduction of \$1,023.1 million includes ship and aviation force downsizing, management initiatives to restructure and streamline maintenance infrastructure, Base Closure III savings and projected Base Closure IV savings.

Readiness continues to be the Navy's primary focus with flying hour and ship operations programs funded to meet flying hour primary mission readiness (PMR) and OPTEMPO goals, while maintaining manageable levels of airframe, aircraft engine and ship maintenance

backlogs. Full funding of all known Class I and Class II environmental projects is also included.

Significant changes by budget activity are as follows:

Budget Activity 1: <u>Operating Forces</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
	14,144.0	14,942.5	14,846.7	13,691.1

The Operating Forces budget activity funds the Navy's air operations, ship operations, combat operations/support, and weapons support. Included in each of these programs are the costs associated with overhaul and repair at shipyards and other major repair centers and with operating Navy shore bases to support these missions. Furthermore, funds are used to maintain combat ready forces necessary to respond to national objectives in joint, naval and combined operations. It supports the forward presence and crisis response capabilities of the National Military Strategy.

The FY 1996 budget request of \$14,846.7 million provides \$4,266.6 million for Air Operations, \$6,879.0 million for Ship Operations, \$1,581.8 million for Combat Operations/Support, and \$1,424.2 million for Weapons Support. The FY 1996 budget request includes price growth of \$473.1 million and program decreases of \$569.0 million. The net price growth is due to a \$695.1 million one-time increase associated with losses at closing DBOF activities. This price growth is offset by other price decreases. Program decreases are related to force structure reductions, less depot maintenance requirements, base closures and realignments.

The FY 1997 budget request of \$13,691.1 million provides \$4,366.0 million for Air Operations, \$6,734.0 million for Ship Operations, \$1,574.3 million for Combat Operations/Support, and \$1,437.6 million for Weapons Support. Also reflected in this budget activity is the undistributed \$421 million projected BRAC IV savings which may potentially accrue as a result of future Base Closure Commission action. The overall price change is a decrease of \$120.5 million. This reflects the deletion of the one-time pass through in FY 1996 of \$695.1 million for DBOF activities. Other price increases offset this price decrease. Program funding declines by \$1,035.1 million, which includes the \$421 million BRAC IV projected savings in FY 1997. Major programmatic changes for this budget activity are provided in the following paragraphs:

Air Operations programs will decrease in FY 1996 and FY 1997 from the FY 1995 level. FY 1995 reflects a large one-time increase for DBOF rates which will not be required in

FY 1996 or FY 1997. Funding levels support PMR goals and also reflect force structure reductions and management initiatives to reduce infrastructure. In FY 1996, two squadrons of Navy A-6 aircraft, one P-3 squadron, one F-14 squadron, and one helicopter combat support squadron will be decommissioned. In FY 1997, the last four active A-6 squadrons and four F-14 squadrons will be decommissioned. Additionally, two Navy EA-6B squadrons will stand-up in FY 1996 and two will stand-up in FY 1997. Cost estimates for depot maintenance have been revised based on recent execution experience. Costs associated with known engine and component life limitations in the F/A-18, F-14, AV-8B and A-6 have been incorporated into the flying hour program through FY 1997. Lastly, within Base Support, savings generated by base closures have been offset by substantially increased requirements for Class I and Class II environmental requirements.

Ship Operations programs reflect decreases in almost all major programs in FY 1996 and FY 1997 as compared with FY 1995 funding levels. A substantial portion of the decrease reflects a readjustment from large one-time DBOF rate increases in FY 1995. FY 1996 and FY 1997 funding levels support fleet OPTempo goals and provide for approximately 93% of ship depot maintenance requirements in each year. Major programmatic adjustments include reduced funding for the Fleet Modernization Program reflecting reduced requirements and substantial increases within Base Support to meet environmental compliance requirements.

Combat Operations/Support programs reflect decreases in FY 1996 and FY 1997 after inflation. The LEASAT L-5 satellite will be discontinued resulting in decreases in both FY 1996 and FY 1997 as UHF follow-on satellites come on-line. Funding for magnetic data collection for the World Magnetic Model will terminate due to affordability. The FY 1996 decrease also reflects a realignment of Combat Operations Base Support to Ship Operations Base Support to more properly reflect the mission area of the service craft maintenance program, a reduction in base support commensurate with the drawdown in the Undersea Surveillance Program, and reductions in warfare tactics support resulting from fleet downsizing. Part of these decreases are offset by increases due to the realignment of non-centrally managed equipment purchases from the procurement accounts and increases for the start-up of USACOM's Joint Training, Analysis, and Simulation Center (JTASC). In FY 1997, an increase is reflected to repair a backlog of hull, propulsion, auxiliary and electrical equipments to a ready-for-issue status to support fleet operations and maintain readiness levels. This is offset by the realignment of JTASC funding to the Joint Staff.

Weapons Support programs overall funding will decrease in FY 1996 and FY 1997 from the FY 1995 level to reflect the declining force structure with acceptable risk associated with the current threat. The decreases are, in part, a result of fewer TOMAHAWK

recertifications, and reduced HARPOON platform maintenance actions. The decreases are partially offset by a FY 1997 increase for the Cooperative Engagement Capability (CEC) program which provides a coordinated defensive capability against current and projected anti-ship missiles warfare threats. There is a modest increase for base support for the BRAC initiated move for the Strategic Systems Program Office program. For both fiscal years, decreases are offset by adjustments for inflation.

Budget Activity 2: Mobilization

FY 1994	FY 1995	FY 1996	FY 1997
<u>1,279.9</u>	<u>1,275.9</u>	<u>1,030.2</u>	<u>1,144.8</u>

This budget activity maintains assets to permit a rapid response to unforeseen contingencies throughout the world. This includes maritime repositioning ships (MPS), hospital ships, and aviation maintenance ships. Each one of the three maritime repositioning ship squadrons will support a marine expeditionary brigade for 30 days. The remaining ships support cargo/hospital operations for a variety of military operations. This budget activity also includes the cost of inactivation of existing naval assets including ships, submarines and aircraft, the cost associated with maintaining selected assets for future mobilization and the cost of maintaining U.S. Navy equipment on U.S. Coast Guard ships and aircraft.

The FY 1996 program of \$1,030.2 million includes a price increase of \$78.6 million and program decreases totaling \$324.3 million. Program decreases are primarily due to fewer inactivations in FY 1996 than in FY 1995. Price increases were due to a combination of increased per diem rates for the sealift ships and increased costs at Naval Ordnance Facilities.

The FY 1997 program of \$1,144.8 million includes a price increase of \$14.5 million and net program increases of \$100.1 million. The net program increase is the result of increased ship and submarine inactivations. Major programmatic changes for this budget activity are provided in the following paragraphs:

Ready Reserve and Prepositioning Forces programs remain stable. Funding changes in FY 1996 and FY 1997 are due to the fluctuation in DBOF rates.

Activations/Inactivations funding decreases in FY 1996 as a result of adjustments in shipyard DBOF rates and a larger number of inactivations (particularly submarines) planned in FY 1995 than in FY 1996. FY 1996/1997 funding levels will continue to support the aggressive force reductions to rightsize the battle force and the air wings. In

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FY 1996 the Navy will inactivate a significant part of the force including a nuclear cruiser, 7 submarines and over 120 aircraft. FY 1997 inactivations will include an aircraft carrier, another nuclear cruiser, 7 submarines and over 90 aircraft.

Mobilization Preparedness decreases in FY 1996 and FY 1997 reflect deletion of the Underutilized Plant Capacity (UPC) program from this budget activity as these costs are now paid from the DBOF account and recovered in depot maintenance rates.

<u>Budget Activity 3: Training and Recruiting</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
	<u>1,577.7</u>	<u>1,642.7</u>	<u>1,561.7</u>	<u>1,594.4</u>

This budget activity funds all centrally managed or directed individual training required to meet established Navy training standards. This includes accession training, basic skills training, and professional military education provided at the Naval War College, the Naval Postgraduate School, and the Armed Forces Command and Staff College. It also includes Navy recruiting and advertising, centralized civilian training programs, the Junior Navy Reserve Officer Training Corps and all base operating support for the above programs. Team training for ships of battle groups is funded in the Operating Forces budget activity, as is all advanced and refresher flight training and aircraft carrier qualifications.

The FY 1996 program of \$1,561.7 million includes price growth of \$19.5 million and program reductions of \$100.5 million. The FY 1997 request of \$1,594.4 million consists of price growth of \$47.5 million and net program decrease of \$14.8 million. Major programmatic changes for this budget activity are provided in the following paragraphs:

Accession Training includes recruit training, Naval Academy operations, Reserve Officer Training Scholarships and associated base operations support. There will be slight increases in FY 1996 and FY 1997 for Reserve Officers Training Corps (ROTC) Scholarships to meet Navy minority and technical production goals and to reflect the realignment of non-centrally managed equipment purchases from the procurement accounts. These increases are offset by reductions for base operations support associated with base closures. Funding for a long-term renovation of Bancroft Hall at the Naval Academy, which commenced in FY 1994, will decrease in FY 1996 and FY 1997 commensurate with the phases of the renovation.

Basic Skills and Advanced Training support specialized skill training, initial flight training, professional development training and base support for Navy schools providing

this training. Most programs, including base support, continue to decline in real terms, reflecting the lower number of military personnel, reduced force structure and increased efficiencies. Funding for Flight Training will decrease in FY 1996 due to a reduction in the T-39N maintenance contract. FY 1997 will increase as a result of Aviation Training Rate (ATR) increases to eliminate pool controls and return throughput to a steady-state. There will be a minor increase to reflect the realignment of non-centrally managed equipment purchases from the procurement accounts.

Recruiting and Other Training and Education includes recruiting and advertising costs, off duty and voluntary education, civilian education and training and Junior ROTC. Recruiting and advertising and Junior ROTC costs will increase in FY 1996 and FY 1997 to ameliorate the more difficult recruiting environment currently being experienced. This increase is partially offset in FY 1996 by a decrease for Civilian Education and Training commensurate with personnel reductions.

Budget Activity 4: <u>Administration and</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
<u>Service-wide Activities</u>	3,852.2	3,467.5	3,787.1	3,824.2

The Administrative and Servicewide Support budget activity funds shore based activities required for the effective operation of the Department of the Navy. The general services provided include administration and personnel support, engineering and acquisition support, security and investigative support, humanitarian and civic support, centralized transportation, communications services, and base operating support.

The FY 1996 program of \$3,787.1 million includes price growth of \$33.8 million and a net program growth of \$285.8 million. Program growth primarily results from the consolidation of \$228 million into this budget activity of payments to the Defense Finance and Accounting Service and the realignment of support costs for the Fleet Industrial Supply Center (FISC).

The FY 1997 program of \$3,824.2 million includes price growth of \$110.4 million and a net program decrease of \$73.3 million. This net program reduction reflects a decrease of \$73.3 million for administration, civilian manpower and personnel management, and other personnel support programs due to declining force levels. Major programmatic changes for this budget activity are provided in the following paragraphs:

Service-wide Support programs reflect FY 1996 increases for the realignment of funding back to the Navy and consolidation of the functional responsibility for payments to the Defense Finance and Accounting Service, full funding of leased communications costs, and realignment of funding to support Naval Air Station Memphis as a result of the BRAC initiated relocation of the Office of the Chief of Naval Personnel to Memphis. In addition, FY 1996 and FY 1997 will increase due to the realignment of non-centrally managed equipment purchases from the procurement accounts. These increases will be offset by reductions in FY 1996 for base operations support costs, subsistence-in-kind costs, and other personnel support costs consistent with force reductions. Additional reductions in FY 1997 reflect force structure downsizing as a result of BRAC actions.

Logistics Operations and Technical Support programs reflect a programmatic increase in FY 1996 that is largely attributable to the realignment of Fleet Industrial Supply Center (FISC) support cost from Defense Business Operations Fund (DBOF) to Acquisition and Program Management. Additionally, Base Support will increase in FY 1996 and FY 1997 for shore environmental compliance and real property maintenance requirements. Air Systems Support also will increase in FY 1996 and FY 1997 to reflect standards reform initiatives driven by recent acquisition policy to streamline procurement. However, the FY 1996 increase will be offset by reduced aircraft engineering and logistics support at Naval Air Warfare Centers and Naval Aviation Depots. There will also be minor increases for additional engineering support in Hull, Mechanical and Engineering and Combat/Weapon Systems in FY 1996 and FY 1997 and Air Systems Support in FY 1997. Service-wide Transportation will increase in FY 1997 to reflect both price increases and a program increase to reflect full funding of projected overseas second destination shipments. These increases will be offset by decreases in Planning, Engineering, Design, and Acquisition and Program Management due to personnel reductions consistent with force structure downsizing as a result of BRAC actions.

Investigations and Security Programs, which include the classified National Foreign Intelligence Program (Consolidated Cryptologic Program, General Defense Intelligence Program and the Foreign Counterintelligence Program) will increase in FY 1996 and FY 1997 to support additional classified requirements. The Naval Criminal Investigative Service will increase slightly in FY 1996 to reflect the transfer of central adjudication functions from the National Foreign Intelligence Program.

Support to Other Nations programs reflect a programmatic decrease in FY 1996 and FY 1997 due to reductions in technology transfer programs.

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(\$ in Millions)

FY 1994 Actual	Price Growth	Program Growth	FY 1995 Estimate	Price Growth	Program Growth	FY 1996 Estimate	Price Growth	Program Growth	FY 1997 Estimate
1,902.5	+75.0	+91.9	2,069.4	+37.8	+162.5	2,269.7	+65.8	-50.5	2,285.0

The Operation and Maintenance, Marine Corps appropriation provides funding for Marine Corps missions, functions, activities, and facilities except for those requirements related to: procurement of major items of equipment and ammunition, military personnel, military family housing, operation and maintenance of the Marine Corps Reserve, and those functions supported by Navy sponsored appropriations.

The funds contained in this appropriation are intended primarily for the support of the Fleet Marine Forces which consist of 174,000 active military plus 14,661 civilian personnel in FY 1996 and 174,000 active military and 14,692 civilian personnel in FY 1997. The primary Marine Corps objective is to train and maintain the Fleet Marine Forces at a high level of combat readiness for service with the fleet, ashore, or for such other duties as the President may direct.

The Fleet Marine Forces supported by this appropriation are composed of Marine Expeditionary Forces, including a combination of combat and combat service support organizations and a variety of supporting units. Funds are also provided to support two landing force training commands, Marine detachments afloat, the security forces assigned to naval and other government activities ashore, maritime prepositioning ships, and Norway prepositioning.

Shore facilities receiving funding support from this appropriation are: three major support bases; two recruit depots; eleven air installations; two logistics bases; one Marine Corps Air-Ground Combat Center; and two landing forces training commands.

The FY 1996 budget request includes price increases of \$37.8 million, and net program increases of \$162.5 million, resulting in the net change from FY 1995 to FY 1996 of \$200.3 million.

Budget Activity 1: Operating Forces

<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
1,335.4	1,461.6	1,629.4	1,633.0

The Operating Forces budget activity includes the Expeditionary Forces and USMC prepositioning programs.

The Expeditionary Forces activity group includes the operating forces that constitute the Marine Air-Ground Team and Marine security forces at Naval installations and aboard naval vessels. The field logistics and depot maintenance programs in support of the operating forces are included in this activity group. Also financed are the base support functions for Marine Corps Bases, Camps, Air Stations and Logistics Bases supporting the Fleet Marine Forces.

The Marine Prepositioning activity group finances the Maritime Prepositioning Forces program, the Norway Air-Landed Marine Expeditionary Brigade program and the Aviation Logistics Support Ships program.

The FY 1996 increase includes \$21.8 million for price growth; \$16.6 million for a functional transfer; and \$233.3 million for program increases. The FY 1996 program increases include: \$33.0 million for Depot Level Repairables (DLRs); \$47.4 million to reduce the Maintenance of Real Property backlog; \$26.8 million for Morale Welfare and Recreation and Quality of Life initiatives; and \$55.4 million for environmental programs due to removal of underground storage tanks and more stringent Clean Air and Water Act regulations. Program decreases total \$103.9 million attributable to savings from BRAC closures of Marine Corps Air Stations (MCAS) Tustin and El Toro; a Memorandum of Agreement with Japan for the Japanese Government to assume Japanese worker labor costs; and a decrease in maintenance of Fleet Marine Force equipment after a one time FY 1995 congressional increase. In FY 1997, price growth of \$46.4 million, and program increases of \$44.2 million are offset by program decreases of \$87.0 million. Program growth in FY 1997 will fund increases for the maintenance of Fleet Marine Force Equipment; Depot Level Repairables; post deployment software support; and increased costs related to the relocation of MCASs Tustin and El Toro functions at MCAS Miramar as part of the BRAC II and III closures. The FY 1997 program decreases include reductions at MCASs Tustin and El Toro related to BRAC II and III; decreases in supplies and maintenance of administrative equipment; a reduction in Real Property Maintenance and minor construction; and a reduction in depot maintenance costs for vehicle overhaul and missile maintenance.

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	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
Budget Activity 3: <u>Training and Education</u>	284.8	311.2	343.1	340.1

The resources in this budget activity support recruiting, training, and the education of Marines. Recruiting encompasses the transition from civilian life to duties as a Marine to include an intense period of training designed to prepare the new Marine for assignment to units of the Fleet Marine Force, major posts and stations, and duty at sea. The Officer Acquisition program provides funding for training candidates for appointment as commissioned officers prior to actual commissions in the Marine Corps and Marine Corps Reserve.

Upon completion of Officer Acquisition Training or Recruit Training, the Marine is assigned to courses of instruction to acquire the requisite skills necessary to meet the minimum requirements of a Military Occupational Specialty (MOS). In the case of the officer, this course involves completion of the Basic School at the Marine Corps Combat Development Command (MCCDC), Quantico, Virginia, and the assignment to a qualifying course such as the Infantry Course or the Communications Officers' School. The enlisted Marine undergoes specialized skill training at Marine Corps installations or at schools of other services, depending on his designated MOS.

This budget activity also provides training support for costs associated with travel and per diem for those Marines attending service and civilian schools away from their permanent duty stations. Also, included are costs for training support equipment, audio-visual aids, computer-assisted training programs, and direct administrative support to the training management functions and Marine Corps Institute.

The FY 1996 budget includes \$8.6 million for price growth; a net increase of \$2.1 million for functional transfers; and program increases totaling \$34.5 million. The major program increases include: \$8.4 million to reduce the Maintenance of Real Property backlog, \$4.4 million for Morale, Welfare, and Recreation, and Quality of Life Initiatives, and \$7.2 million for environmental programs due to more stringent Clean Air and Water Act regulations. The FY 1996 program increases are offset by program decreases of \$13.3 million. The FY 1996 program decreases are due to decreased advertising requirements (after a one time FY 1995 congressional add-on), a decrease in school support costs for Marines attending civilian professional development schools, and a decrease in aviation maintenance training costs. In FY 1997, price growth of \$8.2 million is offset by a net program decrease of \$11.2 million including completion of one-

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time costs associated with consolidating training with other services and decrease in Maintenance of Real Property and BEQ/BOQ revitalization.

<u>Budget Activity 4: Administration and Servicewide Activities</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
	282.3	296.6	297.2	311.9

The Marine Corps-wide efforts of logistical and special support, transportation, personnel management, and headquarters base support are financed by this activity group. In addition, the civilian personnel salaries and the department and staff management of Headquarters, Marine Corps are funded within this activity group.

Logistics support consists of support functions which are best managed and funded on a centralized basis. This includes funding for Subsistence-in-Kind (SIK) rations furnished to eligible military personnel when they do not receive a cash allowance for subsistence. The funded requirement is based on the number of rations to be furnished to military personnel entitled to be subsisted in Marine Corps messes.

Special Support includes the cost of Marine Corps prisoners confined at the Army Disciplinary Command, Fort Leavenworth, Kansas; the Marine Band located at the Marine Barracks, Washington, DC; and the Quality of Life (QOL) programs of Child Care and Development and Family Service Centers. Special Support also finances the administrations of missions, functions and worldwide operations of the Marine Corps. Cost of operations includes civilian personnel salaries, Defense Finance and Accounting Service reimbursement, automatic data processing, printing and reproduction, and expense of travel for military and civilian personnel services on a Marine Corps-wide basis.

All costs related to Second Destination Transportation of cargo to the operating forces are also funded by this activity group including the costs of the Military Sealift Command for ocean cargo; inland transportation costs of commercial carriers; Air Mobility Command costs for movement of priority cargo in support of Fleet Marine Force units; and Military Traffic Management Command and commercial sources for port handling of ocean cargo.

Base operations support for Headquarters, U.S. Marine Corps is funded within this activity group as well as injury compensation payments and procurement of collateral equipment required to initially outfit new military construction projects on Marine Corps bases.

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The increase in FY 1996 reflects price growth and functional transfers netting to \$8.0 million; and a \$10.8 million program increase offset by a \$18.2 million program decrease. The program increases will increase support for Child Development Programs and Family Service Centers offset by the program decreases for overseas transportation shipments due to unit relocations, deactivations, and reorganizations. The FY 1997 request includes price growth of \$11.2 million and program increases of \$7.4 million including increases required for subsistence in kind costs, offset by program decreases of \$3.9 million reflecting one-time FY 1996 costs related to the integration of information systems for records management.

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(\$ in Millions)

FY 1994 <u>Actual</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 1995 <u>Estimate</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 1996 <u>Estimate</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 1997 <u>Estimate</u>
20,518.9	+580.8	-2,145.5	18,954.2	+65.4	-763.0	18,256.6	+536.0	-445.7	18,346.9

Funding requested in the Air Force Operation and Maintenance (O&M) appropriation is essential to Air Force readiness and sustainability. It directly supports the Air Force capability to "fly and fight" by providing the funds needed to: operate and maintain aircraft and related weapon systems; train personnel; operate communications, command and control systems; and purchase supplies, equipment and fuel. O&M resources also support essential combat related activities such as intelligence, logistics, weather, air traffic control, search and rescue, maintenance of runways and base facilities, and the working and living environment of Air Force personnel.

Financial requirements in the O&M appropriation are based on programmed force structure and operating activity levels such as flying hours, deployments, workyears, and scheduled weapon systems maintenance. A critical balance must be maintained within this appropriation, as well as between O&M and other Air Force appropriations. The primary challenge is to keep the forces ready now and in the future. The O&M resources requested are sufficient to support current force structure, field new or modernized systems on schedule, and sustain the infrastructure. Any reductions to the O&M request would have a direct, adverse impact on force readiness, unless they are tied to specific force structure adjustments that are timed to achieve savings in the same period.

The \$784.0 million program decline from FY 1995 to FY 1996 is approximately four percent, with the majority (\$441.8 million) due to functional transfers. The real program decline (excluding transfers) is two percent. Most of this decline is a result of previously approved base closure actions and other force structure downsizing, primarily in weapon systems, personnel and support costs. The \$445.7 million program decline from FY 1996 to FY 1997 is approximately another two percent with the majority also related to continued force structure downsizing. Notwithstanding the overall real decline in both years, the budget reflects the priority of protecting readiness and sustainability, funding logistics and infrastructure accounts at acceptable levels, and continuing critical quality of life initiatives within a constrained resource climate.

Force Structure Changes. The Budget Request reflects the impact of all force structure changes in the active Air Force which include changes from FY 1995 to FY 1996 as follows: reduction of 52 fighter aircraft (four percent); reduction of 16 bomber aircraft (13 percent); reduction of nearly 30 thousand flying hours (two percent); reduction of 14 thousand military and civilian end-strengths (approximately three percent); and closure or realignment of five Air Force bases (six percent). Changes from FY 1996 to FY 1997 include: reduction of 31 fighter aircraft (two percent); reduction of one bomber aircraft (one percent); an increase of over 38 thousand flying hours (approximately three percent) predominately related to pilot and navigator production; reduction of over six thousand military and civilian end-strengths (one percent); and closure or realignment of two Air Force bases (three percent).

Funding Responsibility Transfers. The most significant program transfers from O&M are to realign \$472.1 million to the Military Personnel Appropriation for military personnel expenses previously included in the DBOF-Transportation Business Area and funded through the O&M transportation subsidy, and \$47.8 million transferred to the Research, Development, Test and Evaluation investment accounts for F-15 post production costs. These transfers out of O&M are partially offset by the policy change that eliminated the threshold (previously \$50,000) for non-centrally procured investment equipment; this action requires the transfer of \$80.6 million into O&M from the Other Procurement Appropriation.

Readiness. Maintaining readiness is the top priority during this period of budget reductions. This request supports the DoD goal of continuing OPTEMPO at current levels. Hours per crew per month are maintained at approximately 20 for fighters and bombers, 16 for tankers and 24 for airlift. Also, the goal is to sustain our aircraft mission capable rates at the same high levels.

While OPTEMPO and mission capable rates will be sustained, the Air Force budget is based on efficiencies in its logistics and infrastructure accounts. That is, depot level reparables, depot purchased equipment maintenance, real property services, and real property maintenance are budgeted at 95 percent, 90 percent, 95 percent, and 73 percent of estimated requirements, respectively, in FY 1996. Similar funding profiles exist for these accounts in FY 1997 as well. Although the Air Force has continued to fund the FY 1996 depot maintenance program at the higher levels begun in FY 1995, an unfinanced, executable requirement of \$145.6 million remains--representing the deferral of 17 airframes and 46 engines. The FY 1997 depot maintenance program has an unfinanced

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requirement of \$167.5 million--this represents the deferral of 10 airframes and 85 engines.

<u>BUDGET ACTIVITY</u>	<u>FY 1994 Actual</u>	<u>FY 1995 Estimate</u>	<u>(\$ in Millions)</u>		
			<u>FY 1996 Estimate</u>	<u>FY 1997 Estimate</u>	<u>95-96 Change</u>
					<u>96-97 Change</u>
<u>Operating Forces</u>					
Air Operations	6,574.5	7,402.2	7,261.0	7,248.5	-141.2
Combat Related Ops	1,530.0	1,395.6	1,509.7	1,497.1	+114.1
Space Operations	<u>1,131.8</u>	<u>1,241.8</u>	<u>1,245.6</u>	<u>1,293.3</u>	<u>+3.8</u>
Total	9,236.4	10,039.6	10,016.3	10,038.9	-23.3
<u>Mobilization</u>					
Mobility Operations	4,836.1	3,162.4	2,523.4	2,590.9	-639.0
<u>Training & Recruiting</u>					
Accession Training	156.0	172.4	184.0	190.0	+11.6
Basic Skills & Adv Tng	1,174.8	1,101.1	1,230.6	1,257.2	+129.5
Rcting, Other Tng & Educ	<u>222.3</u>	<u>234.5</u>	<u>226.2</u>	<u>219.3</u>	<u>-8.3</u>
Total	1,553.2	1,508.0	1,640.8	1,666.5	+132.8
<u>Administration & Svs Wide Acty</u>					
Logistics Operations	2,143.9	2,373.0	2,280.0	2,264.5	-93.0
Service Wide Actys	1,984.0	1,414.8	1,335.9	1,307.6	-78.9
Security Operations	757.7	449.1	447.2	465.3	-1.9
Spt to Other Nations	<u>7.6</u>	<u>7.3</u>	<u>13.0</u>	<u>13.2</u>	<u>+5.7</u>
Total	4,893.2	4,244.2	4,076.1	4,050.6	-168.1
Grand Total	20,518.9	18,954.2	18,256.6	18,346.9	-697.6
					+90.3

AIR FORCE

Narrative Explanation of Major Changes by Budget Activity:

Budget Activity 1: Operating Forces - Requested resources are for Air Operations, Combat Related Operations, and Space Operations. These funds provide support for fighter, bomber, and missile forces assigned to Air Force operational commands. They also provide for global command, control, and communications; the capability to launch payloads into various earth orbits; and a worldwide network of sites and terminals to relay data gathered by satellites. The FY 1996 estimate of \$10,016.3 million includes price reductions of \$85.6 million, net program increases of \$117.9 million and functional transfers of \$-55.6 million. Major FY 1996 functional transfers include: \$47.8 million transferred to the Research, Development, Test and Evaluation appropriation for the F-15 operational flight program; \$36.0 million for Cobra Judy radar programs transferred from the Defense-Wide appropriations and \$19.2 million transferred to the Military Personnel appropriation for Lajes Air Base support.

Major FY 1996 program increases include: \$189.0 million to bring Real Property Maintenance funding to 73 percent of requirements; \$109.7 million to support beddown of four additional B-2 aircraft and \$33.3 million to fund the arrival of the first three JOINT STARS aircraft.

Major FY 1996 program decreases include: \$146.2 million for base operating support due to base closures and reduced infrastructure; \$95.0 million for force structure adjustments such as retirement of the F-4G and the accelerated retirement of the F-111F aircraft; \$60.9 million for decapitalizing ICBM missile guidance sets; \$33.3 million for the Defense Airborne Reconnaissance Program (DARP) and \$33.2 million for classified programs.

The FY 1997 estimate of \$10,038.9 million includes price increases of \$304.8 million and net program decreases of \$282.3 million. The major program increase is \$31.0 million for the addition of two JOINT STARS aircraft. The major program decreases are \$156.6 million for force structure adjustments to include the complete retirement of the F-111F and F-4G, the reduction of 2 B-1B PAA, and the reduction of contract engineering requirements; a \$105.5 million reduction in base support costs due to additional base closures, streamlining operations, and reduced Real Property Maintenance requirements; \$31.8 million in training due to weapon system retirements; \$25.0 million for Peacekeeper test and evaluation assessments and \$22.0 million for Strategic Defensive C3I programs.

Budget Activity 2: Mobilization - The funds requested for this budget activity provide global mobility through strategic and tactical airlift to support contingency and wartime

operations. The \$2,523.4 million requested for FY 1996 includes a price increase of \$78.5 million, a net program decrease of \$261.5 million, and a net \$456.0 million reduction related to functional transfers. The major functional transfer is \$472.1 million to the Military Personnel appropriation for the costs of military end-strengths assigned to the Transportation Business Area.

Major program changes include: an increase of \$63.8 million to bring Real Property Maintenance funding to 73 percent of requirements; a \$252.5 million subsidy reduction to reflect TRANSCOM expense and revenue expectations; and a \$30.0 million reduction for mobilization preparedness requirements.

The \$2,590.9 million requested for FY 1997 includes a net price increase of \$71.8 million and a net program decrease of \$4.2 million. Major program changes in FY 1997 include: a \$14.9 million increase for base operations and a \$20.2 million decrease in Afloat Prepositioned Fleet requirements.

Budget Activity 3: Training and Recruiting - The funds requested for this budget activity support three broad mission areas--Accession Training, Basic Skill and Advance Training, and Recruiting & Other Training and Education. The \$1,640.8 million requested for FY 1996 includes a net price increase of \$20.3 million, a program increase of \$68.1 million and functional transfers of \$44.4 million. Major functional transfers include: a \$21.8 million transfer-in for Introduction to Fighter Fundamentals training to further streamline and consolidate training at Air Education and Training Command, and a \$15.6 million transfer for military to civilian conversions in positions that do not have direct combat roles. The major program changes include: an increase of \$28.3 million for increased pilot and navigator production and an increase of \$25.4 million to bring Real Property Maintenance funding to 73 percent of requirements. The \$1,666.5 million requested for FY 1997 includes a net price increase of \$49.1 million, a net program decrease of \$35.9 million, and functional transfers-in of \$12.6 million. The major functional transfer is for ongoing military to civilian conversions--\$11.6 million. The major program increases include \$9.9 million for Real Property Maintenance to support quality of life initiatives and improve unsatisfactory facilities identified from commander mission assessment reviews, and \$6.2 million for continued ramp-ups in pilot and navigator training. The major program decreases are \$19.6 million in civilian pay and civilian training as a result of continued force downsizing and \$11.4 million in Specialized Skill Course efficiencies culminating from the last phase of "Year of Training" initiatives.

Budget Activity 4: Administration & Servicewide Activities - This budget activity funds four broad mission areas -- Logistic Operations, Servicewide Support, Security Programs, and Support to Other Nations. The \$4,076.1 million requested for FY 1996 includes price growth of \$52.2 million, net program decreases of \$245.7 million, and a net increase of \$25.4 million for functional program transfers. The most significant transfers are the \$50.5 million transfer-in from the investment appropriations due to eliminating the O&M threshold for the purchase of base procured investment equipment, which is partially offset by the transfer of \$9.4 million to other Air Force appropriations for Defense Finance and Accounting Service payments. Major program increases include: \$62.3 million to increase Real Property Maintenance funding to 73 percent and \$14.0 million for the Defense Standardization Program. Major program decreases include: \$72.6 million for base operating support; \$65.3 for civilian personnel reductions; a \$42.9 million reduction in payments to the Defense Finance and Accounting Service; \$34.5 million for reduced Pollution Prevention/Environmental Compliance requirements; \$24.9 million for projected savings associated with upcoming base closure decisions; \$21.1 million for second destination transportation; and \$19.0 million for classified programs. The \$4,050.6 million requested for FY 1997 includes a net price increase of \$110.3 million and a net program decrease of \$135.9 million. No significant functional transfers occur in FY 1997. The major program increases include: \$15.7 million for the Defense Information Systems Agency. Major program decreases include: \$42.9 million for civilian pay due to force structure drawdowns and acquisition streamlining; \$41.3 million for second destination transportation; \$35.1 million for projected savings associated with upcoming base closure decisions and \$23.1 million for base operations due to the Newark Air Force Station closure and other acquisition and logistics streamlining.

Summary: The Budget Request has been carefully balanced to avoid a hollow force. However, the requested funding must be maintained to avoid a degradation to readiness, sustainability, and quality of life. Balance is the benchmark: balance between people, training and weapon systems support; balance between investment and O&M; balance between force modernization and force sustainment; balance between peacetime efforts, exercises, and training; and as force structure decreases, a proper balance in various force capabilities.

DEFENSE-WIDE

FY 1994	Price	Program	FY 1995	Price	Program	FY 1996	Price	Program	FY 1997
<u>Actual</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Estimate</u>	<u>Estimate</u>
9,513.2	+305.2	+224.2	10,042.6	+298.0	+26.2	10,366.8	307.7	-182.3	10,492.2

(\$ in Millions)

The Operation and Maintenance (O&M), Defense-Wide appropriation supports a wide range of programs which have been consolidated to achieve maximum efficiency by avoiding overlap and duplication among the Services. The Defense Agencies are essential to the accomplishment of the missions of the Military Departments. Functions of the various Agencies include direct readiness related programs, mobilization programs, training and education programs, and administration and servicewide activities, e.g., audit and investigative activities, military personnel support, and management support to the Department. Additionally, this appropriation provides O&M funding for all Special Operations Forces.

At the summary level, O&M, Defense-Wide increases from \$10,042.6 million in FY 1995 to \$10,366.8 million in FY 1996, an increase of \$324.2 million; and to \$10,492.2 million in FY 1997, an increase of \$125.4 million over the FY 1996 estimate. The FY 1996 increase is the result of the following adjustments:

Description	\$ (Millions)
FY 1995 Current Estimate	10,042.6
Price Growth	+298.0
Net Functional Transfers	+220.5
Requirements Financed in FY 95 Only	-224.8
Other O&M Program Changes	+30.5
Classified Intelligence/Communications Programs	(+164.9)
Financial Management Training Center	(+84.8)
Federal Energy Management Program	(+58.8)
Partnership for Peace/CJCS Readiness	(+49.6)
Defense Information Infrastructure	(+26.5)
DoD Dependents Education Facilities Maintenance	(+21.9)
Communities Economic Assistance	(+20.0)
Corporate Information Management Initiatives	(+19.9)
Defense Agency Downsizing	(-246.0)
Defense Conversion Projects	(-147.3)
Warstopper Items/Disaster Relief Activities	(-35.3)
Net Other DoD Initiatives	(+12.7)
FY 1996 Request	<u>10,366.8</u>

The primary changes in FY 1997 are as follows:

<u>Description</u>	<u>\$ (Millions)</u>
FY 1996 Request	10,366.8
Price Growth	+307.7
Net Functional Transfers	+1.8
Requirements Financed in FY 96 Only	-83.9
Other O&M Program Changes	-100.2
Continuous Acquisition and Lifecycle Support	(+25.4)
Defense Information Infrastructure	(+13.8)
Arms Control	(+9.9)
Corporate Information Management	(+9.3)
Defense Agency Downsizing	(-96.9)
Classified Intelligence/Communications Programs	(-50.9)
Reduced Community Economic Assistance	(-20.2)
Federal Energy Management	(-7.2)
Net Other DoD Initiatives	(+16.6)
FY 1997 Request	10,492.2

A brief description of the major budget activities, along with a description of significant program changes in FY 1996 and FY 1997 follows.

Budget Activity 1 - Operating Forces

FY 1994	Price	FY 1995	Price	FY 1996	Price	FY 1997
Actual	Growth	Estimate	Growth	Estimate	Growth	Estimate
1,378.0	+9.5	1,368.4	+49.0	1,494.5	+26.7	1,521.6
				+77.1	+4	

The Operating Forces budget activity increases from \$1,368.4 million in FY 1995 to \$1,494.5 million in FY 1996 and \$1,521.6 million in FY 1997, increases of \$126.1 million and \$27.1 million, respectively. These increases include \$49.0 million in FY 1996 and \$26.7 million in FY 1997 for price growth. They also include \$32.4 million in FY 1996 and \$1.8 million in FY 1997 for functional transfers and a net \$44.7 million increase in FY 1996 program growth and a net \$1.4 million decrease in FY 1997 program.

Functional Transfers (FY 1996: \$32.4 million, FY 1997: \$1.8 million):

- The procurement of non-centrally managed items of equipment transfers in FY 1996 from Procurement, Defense-Wide to Operation and Maintenance, Defense-Wide (\$18.0 million).
- Sustaining engineering for U.S. Special Operations Command (USSOCOM) transfers from the Research, Development, Test and Evaluation, Defense-Wide account in FY 1996 to the USSOCOM Operation and Maintenance (O&M) account (\$12.1 million).
- Support of command and control aircraft and the Management Engineering team for the 16th Special Operations Wing transfers in FY 1996 from the Active Air Force O&M account to the USSOCOM O&M account (\$2.0 million).
- Support of the Army Aviation Support Element transfers in FY 1996 from the Active Army O&M account to USSOCOM (\$.3 million).
- Diving/underwater breathing operations transfer in FY 1997 from the Active Navy O&M account to USSOCOM (\$.5 million).
- Digital Team Information operations transfer in FY 1997 from the Active Navy O&M account to USSOCOM (\$.4 million).
- Special Operations Medical Training Center transfers in FY 1997 from the Defense Health Program to USSOCOM (\$.9 million).

Program Growth (FY 1996: \$44.7 million, FY 1997: \$-1.4 million):

Special Operations Forces (FY 1996: \$-4.9 million, FY 1997: \$.2 million): For discussion of Special Operations Initiatives, reference exhibit on Special Operations Forces elsewhere in this O&M Overview book.

Joint Exercise Program (FY 1996: \$49.6 million, FY 1997: \$-1.6 million): The increase of \$49.6 million in FY 1996 reflects an increase of \$25.7 million in the CJCS exercise program to reach required readiness levels (60,000 flying hours/1,000 steaming days) and an increase of \$29.1 million for the Partnership for Peace (PFP) program to build the foundations of partner participation in PFP and interoperability with NATO, and to encourage joint planning, training, and military exercises with NATO forces. These increases are offset by a one-time requirement for the Northern Edge exercise financed in FY 1995 only (\$5.2 million). The net decrease of \$1.6 million in FY 1997 reflects a decrease in exercise support.

Budget Activity 2 - Mobilization

FY 1994	Price	Program	FY 1995	Price	Program	FY 1996	Price	Program	FY 1997
Actual	Growth	Growth	Estimate	Growth	Growth	Estimate	Growth	Growth	Estimate
124.8	+3.6	-24.8	103.6	+3.1	-35.3	71.4	+2.1	-5.0	68.5

The Mobilization budget activity decreases from \$103.6 million in FY 1995 to \$71.4 million in FY 1996, a net decrease of \$32.2 million. Mobilization requirements decrease further in FY 1997 to \$68.5 million, a decrease of \$2.9 million from the prior year level. These decreases reflect price growth of \$3.1 million and \$2.1 million, offset by program decreases of \$35.3 million and \$5.0 million in FY 1996 and FY 1997, respectively.

Program Change (FY 1996: \$-35.3 million, FY 1997: \$-5.0 million):

Warstopper Support (FY 1996: \$-33.6 million, FY 1997: \$-2.4 million): The budget request for the Defense Logistics Agency (DLA) reflects reductions of \$33.6 million/\$2.4 million, in FY 1996 and FY 1997, respectively, as a result of reserves established in FY 1994 and FY 1995 primarily for ozone depleting chemicals. Funds requested for FY 1996 and FY 1997 support articles held in DoD inventory for wartime preparedness such as chemical protective gloves and garments, atropine auto-injectors, and tray-pack assemblies; and other mobilization requirements for industrial preparedness support, Nuclear, Biological, and Chemical (NBC) Defense, and dual use technology.

The remaining decreases are in Washington Headquarters Services disaster relief activities.

Budget Activity 3 - Training and Recruiting

FY 1994	Price	Program	FY 1995	Price	Program	FY 1996	Price	Program	FY 1997
Actual	Growth	Growth	Estimate	Growth	Growth	Estimate	Growth	Growth	Estimate
90.6	+2.3	+4.6	97.5	+2.8	+32.4	132.7	+4.1	+1.8	138.6

The funding for this budget activity is increased from \$97.5 million in FY 1995 to \$132.7 million in FY 1996 and \$138.6 million in FY 1997, increases of \$35.2 million and \$5.9 million. The FY 1996 increase is the sum of \$2.8 million for price growth and \$32.4 million for program growth. Similarly, the increase in FY 1997 is \$4.1 million for price growth and \$1.8 million for program growth.

Other Program Growth (FY 1996: \$32.4 million, FY 1997: \$1.8 million):

Acquisition Education and Training (FY 1996: \$16.8 million, FY 1997: \$-1.9 million): The Defense Acquisition University (DAU) was established in FY 1993 pursuant to the Defense Acquisition Workforce Improvement Act of 1990. The FY 1996 estimate of \$113.0 million reflects full staffing of DAU with program growth of \$16.8 million for increased training requirements to support the Military Departments and the Defense Agencies in the Defense contracting arena. DAU will significantly expand the course schedule in FY 1996 and increase the student throughput by 5,000 to continue backlog reduction. Additionally, in FY 1996, DAU will continue the FY 1995 distance learning demonstration projects, expand the distance learning education based on the results of a media selection analysis, and develop and pilot the DAU Quality Mastery Program. The FY 1997 estimate of \$114.6 million reflects a net decrease of \$1.9 million from the FY 1996 level primarily for decreased student travel and per diem costs due to the availability of DAU mandatory courses in Distance Education modes of delivery.

Defense Business Management University (FY 1996: \$15.6 million, FY 1997: \$3.7 million): The Defense Business Management University (DBMU) was established in December 1992 to modernize, coordinate, and add value to the financial management curriculum taught in DoD. A well-trained "future" workforce is a prerequisite for the DoD to be able to respond to the many business management challenges the Department will face. Supporting this evolution of the workforce with the development and delivery of high quality training is a critical responsibility of DBMU. DBMU will provide the necessary education and training to support the evolution of the workforce into one that is smaller, multi-skilled, knowledge intensive and has fewer occupational categories. The FY 1996 estimate of \$19.7 million reflects full staffing of DBMU with program growth of \$15.6 million for course development and delivery for approximately 4,800 students (\$11.2 million) and required facility support (\$4.4 million) for the Business Management Education and Training Center in Southbridge, MA. The FY 1997 estimate increases by \$3.7 million primarily for increased curriculum development and delivery.

Budget Activity 4 - Administration and Servicewide Activities

FY 1994	Price	Program	FY 1995	Price	Program	FY 1997
Actual	Growth	Growth	Estimate	Growth	Growth	Estimate
7,919.8	+289.8	+263.5	8,473.1	+243.1	-117.2	8,599.0
					272.7	-113.4
						8,758.3

The budget request for the Administration and Servicewide budget activity increases from \$8,473.1 million in FY 1995 to \$8,599.0 million in FY 1996 and \$8,758.3 million in FY 1997, increases of \$125.9 million and \$159.3 million, respectively. The increase in

FY 1996 is the sum of \$243.1 million for price growth, \$188.1 million for functional transfers into the Operation and Maintenance, Defense-Wide (O&M,D-W) account, offset by program decreases of \$305.3 million. Similarly, the FY 1997 increase reflects \$272.7 million for price growth offset by \$113.4 million in decreased program. These adjustments are further described as follows:

Functional Transfers (FY 1996: \$188.1 million): The FY 1996 budget request for Administration and Servicewide activities recognizes the following functional transfers:

- The procurement of non-centrally managed items of equipment transfers from Procurement, Defense-Wide to O&M,D-W (\$82.5 million).
- The DoD Polygraph Institute transfers from the Active Army O&M account to the Defense Investigative Service (\$1.6 million).
- The Personnel Security Research Center transfers from the Active Navy O&M account to the Defense Investigative Service (\$1.3 million).
- The Computer Adaptive Test Version of the Armed Services Vocational Aptitude Battery (CAT-ASVAB) transfers from the Navy to the Defense Manpower Data Center (\$1.9 million).
- The Defense Enrollment Eligibility Reporting System (DEERS) Program Office transfers from the Defense Health Program to the Defense Manpower Data Center (\$18.2 million).
- The Photographic Specialized Training Program transfers from the Active Air Force O&M account to the American Forces Information Service (\$0.7 million).
- The DoD Central Motion Media Records Center transfers from the Active Air Force O&M account to the American Forces Information Service (\$5.1 million).
- The Telecommunications Certification Offices transfer from the services and DLA DBOF to the Defense Information Systems Agency (\$5.5 million).
- Personnel supporting the Ada Joint Program Office transfer from the Active Army and Air Force O&M accounts to the Defense Information Systems Agency (\$0.2 million).
- The Joint Spectrum Center transfers from the Active Service O&M accounts to the Defense Information Systems Agency (\$10.4 million).

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- Classified programs transfer from the Active Service O&M accounts to the Defense Intelligence Agency (\$75.7 million).

- Computer Aided Logistics resources transfer from the Operation and Maintenance, Defense-Wide (D-W) appropriation to the Research, Defense, Test, and Evaluation, D-W appropriation (\$-15.0 million).

Program Growth (FY 1996: \$-305.3 million, FY 1997: \$-113.4 million)

One-Time Requirements (FY 1996: \$-219.6 million, FY 1997: \$-12.1 million): The FY 1996 estimate for Administration and Servicewide Activities reflects a decrease of \$219.6 million for one-time requirements financed in FY 1995, i.e., Legacy Resource Management Program projects, security locks, U.S. Pacific Command environmental compliance projects, mobility enhancements, Natural Gas Technology study, Procurement technical assistance, various commissions, administration of Native American Lands, and startup costs for the Stars and Stripes bookstores. The FY 1997 estimate reflects a decrease of \$12.1 million for one-time requirements financed in FY 1996 only for Defense Mapping and Regionalization activities.

Defense Agency Downsizing (FY 1996: \$-246.0 million, FY 1997: \$-96.9 million): The O&M FY 1996 and FY 1997 estimates reflect decreases of \$246.0 million and \$96.9 million, respectively, for downsizing of the Defense agencies. Of these decreases, \$246.0 million in FY 1996 and \$117.2 million in FY 1997 are made possible as the Department reduces overhead, and enrollments in the DoD Dependents Education schools drop consistent with the reduction in overseas troop levels. Offsetting the FY 1997 amount, is an increase of \$20.3 million for consolidation and realignment of Defense mapping activities (\$4.9 million) and one time purchase to replace the antiquated (16 year old) Integrated Contract Administration Service/Mechanization of Contract Administration Service (ICAS/MOCAS) system in the Defense Logistics Agency (\$15.4 million). With the accelerated streamlining and consolidation of Defense contract administration functions, this replacement is essential for DLA to accomplish its mission.

Defense Conversion (FY 1996: \$-147.3 million): Beginning in FY 1996, the Department has not budgeted any funding for the following Defense conversion programs; Troops to COPS, Troops to Teachers, and Other Conversion Initiatives.

Classified Programs (FY 1996: \$164.9 million, FY 1997: \$-50.9 million): Adjustments to classified programs are provided separately in Volume III of the O&M, Defense-Wide justification material.

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Federal Energy Management Program (FY 1996: \$58.8 million, FY 1997: \$-7.2 million): Funds additional effort in FY 1996 to promote energy efficiency in Defense buildings in accordance with P.L. 102-486 and the President's Executive Order on Federal Agency Energy Efficiency and Alternative Fuel Use. The decrease in FY 1997 reflects a decreased level of effort.

Corporate Information Management (FY 1996: \$19.9 million, FY 1997: \$9.3 million): The program growth in the CIM account supports DoD initiatives for acceleration of standard information systems in Defense.

Community Economic Assistance (FY 1996: \$19.0 million, FY 1997: \$-20.2 million): One-time increase in FY 1996 is to provide assistance to communities affected by BRAC 1995. This assistance is provided through grants, development of land use studies, economic adjustment strategies, and industry impact/base reuse plans.

Defense Information Infrastructure (FY 1996: \$26.5 million, FY 1997: \$13.8 million): The FY 1996 and FY 1997 increases support highest priority Defense Information Infrastructure initiatives, i.e., establishment of the Defense Message Systems infrastructure to replace AUTODIN; development and acquisition of firewalls for the Defense Information Systems Network; cryptocards for all current AUTODIN users; protection of critical applications at Mega Data Centers; and multi-level security for the operational commanders.

Continuous Acquisition and Lifecycle Support (FY 1997: \$25.4 million): The budget request for FY 1997 includes \$25.4 million for continuous acquisition and lifecycle support initiatives to provide an integrated environment for Defense components who design, acquire, use and support weapons systems. These initiatives include the development, prototyping, and deployment of integrated open architecture systems, streamlining of work processes, standardization, automation, and integration of technical information in an integrated data environment to achieve reduced costs, reduced cycle time and enhanced war fighting readiness.

Arms Control (FY 1996: \$5.8 million, FY 1997: \$9.9 million): Program growth for the On-Site Inspection Agency reflects increased monitoring and inspection requirements for the Strategic Arms Reduction Treaty (START), START II, and the Chemical Weapons U.S./CIS Bilateral and Multilateral Agreements.

Other DoD Initiatives (FY 1996: \$12.7 million, FY 1997: \$15.5 million): Other Defense initiatives include acquisition reform support, replacement of the antiquated personnel security investigative systems, and regionalization and modernization of the Defense Civilian Personnel Data System.

Budget Activity 5 - Interest

FY 1994	Price	Program	FY 1995	Price	Program	FY 1996	Price	Program	FY 1997
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
-	-	-	-	-	-	-	-	+5.2	5.2

Defense Business Management University (DBMU)

On May 3, 1994, the Deputy Secretary of Defense announced the establishment of the Business Management Education and Training (BMET) Center at Southbridge, Massachusetts to provide for joint financial management training of DoD personnel. The BMET Center will be located in a government provided leased facility presently owned by the American Optical Company under the auspices of the DBMU. The owner of the building will obtain the necessary financing for the renovation of the facility. DoD will enter into a 20 year lease to provide for the infrastructure requirements with third party financing. Because of its dollar value and scope, the lease will be treated as a capital lease and, in accordance with OMB rules, its present value of \$69.2 million is scored as budget authority and an appropriation in the year in which the lease is signed. This is included in Budget Activity 6, below, as an FY 1996 cost. The \$5.2 million requested in FY 1997 represents the imputed interest costs on the amount borrowed and is in accordance with OMB guidelines and schedules for yearly lease appropriation requests. This amount and a portion of the funds included in BA 6 will be used for the FY 1997 capital lease payment.

Budget Activity 6 - Capital Lease

FY 1994	Price	Program	FY 1995	Price	Program	FY 1996	Price	Program	FY 1997
<u>Actual</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>
-	-	-	-	-	+69.2	69.2	+2.1	-71.3	-

Defense Business Management University

The FY 1996 value of \$69.2 million is the net present value (NPV) of a 20 year lease for the DBMU facility in Southbridge, Massachusetts. Pursuant to OMB Circular A-11, budget authority equal to the NPV of a lease must be available prior to entering into a lease contract. The only year that Budget Authority will be requested for the annual payments toward the principal of the lease is in FY 1996; hence, there is a program decrease of \$71.3 million in FY 1997. Future budgets will reflect only the obligation and outlays from this Budget Authority for the capital lease.

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(\$ in Millions)

Operating Forces		FY 94 Actual	Price Growth	Prog. Growth	FY 95 Est.	Price Growth	Prog. Growth	FY 96 Est.	Price Growth	Prog. Growth	FY 97 Est.
JCS		353.1	-7.1	34.6	380.6	45.8	49.6	476.0	-.2	-1.6	474.2
SOCOM		1,024.9	16.6	-53.7	987.8	3.2	27.5	1,018.5	26.9	2.0	1,047.4
Subtotal		1,378.0	9.5	-19.1	1,368.4	49.0	77.1	1,494.5	26.7	.4	1,521.6
Mobilization											
DLA		110.7	3.2	-56.1	57.8	1.7	-33.5	26.0	.8	-2.4	24.4
OSD		14.1	.4	-14.5	-	-	-	-	-	-	-
WHS		-	-	45.8	45.8	1.4	-1.8	45.4	1.3	-2.6	44.1
Subtotal		124.8	3.6	-24.8	103.6	3.1	-35.3	71.4	2.1	-5.0	68.5
Training and Recruiting											
DAU		86.8	2.2	4.6	93.6	2.6	16.8	113.0	3.5	-1.9	114.6
DBMU		3.8	.1	-	3.9	.2	15.6	19.7	.6	3.7	24.0
Subtotal		90.6	2.3	4.6	97.5	2.8	32.4	132.7	4.1	1.8	138.6
Administration and Servicewide Activities											
AFIS		73.2	1.8	23.4	98.4	.6	-8.1	90.9	1.3	-.6	91.6
CPMS		28.6	.6	4.8	34.0	.8	10.8	45.6	1.3	3.6	50.5
CIM		104.7	2.9	-2.6	105.0	3.1	19.9	128.0	3.8	9.3	141.1
Int/Comm	1/2	979.1	105.4	-67.7	3,016.8	92.5	240.6	3,349.9	101.3	-66.4	3,384.8
DCAA		334.2	12.2	-9.7	336.7	13.6	-7.5	342.8	13.6	-8.9	347.5
DIS		193.9	5.2	-1.2	197.9	4.6	-.8	201.7	5.2	-10.4	196.5
DLA		1,234.7	49.2	-111.3	1,172.6	12.1	-128.7	1,056.0	29.9	-24.5	1,061.4
DLSA		6.6	.3	.2	7.1	.3	-.9	6.5	.3	-.3	6.5
DMA		718.6	23.5	-45.7	696.4	20.2	17.9	734.5	29.2	-18.1	745.7
DNA		75.4	2.2	9.9	87.5	2.3	6.3	96.1	2.8	-2.6	96.3

1/ Includes the Intelligence/Communications Defense Support Activities. The budgetary requirements for these DSA's are separately identified in Volume III (classified) of the Justification Books for O&M, Defense-Wide activities.

(\$ in Millions)

DEFENSE-WIDE

RESERVE COMPONENTS

(\$ in Millions)

	FY 1994 Actual	Price Program Growth	FY 1995 Estimate	Price Program Growth	FY 1996 Estimate	Price Program Growth	FY 1997 Estimate
Army Res	1,072.7	+33.5	1,240.2	+32.1	-203.7	+28.6	-63.6
Navy Res	757.3	+50.1	831.3	-28.6	+23.3	+34.7	+4.0
Marine Res	91.2	+3.5	81.9	+1	+8.3	+2.3	+2.7
AF Res	1,357.7	+23.6	1,471.5	+18.7	-4.3	+29.6	-6.5
Army Nat Gd	2,228.7	+80.2	2,427.5	+46.2	-169.6	+73.5	-103.2
Air Nat Gd	2,665.3	+61.8	2,772.9	-3.3	-57.4	+79.3	-18.2
Total	8,172.9	+252.7	8,825.3	+65.2	-403.4	+248.0	-184.8
							8,550.3

The Operation and Maintenance appropriation provides funding for operating Reserve Components' forces and maintaining their assigned equipment in a state of readiness which will permit rapid deployment in the event of full or partial mobilization. Concurrently, the Reserve Components contribute significant support to a variety of Active mission areas. These efforts enable the Reserve Components to maintain adequate skill levels in highly technical specialties through training during weekend drills and active duty training. Summary program data for the Reserve Components is displayed below.

Program Data

	FY 1994 Actual	FY 1995 Estimate	FY 1996 Estimate	FY 1997 Estimate	95-96 Change	96-97 Change
SelRes Strength	998,300	964,997	927,035	900,713	-37,962	-26,322
CivPers Strength	81,058	81,305	78,868	76,339	-2,437	-2,529
Aircraft Inv (End FY)	5,772	4,829	4,225	3,804	-604	-421
Ship Inv (End FY)	16	20	21	25	+1	+4
Flying Hours (000)	1,149	1,164	1,069	999	-95	-70
Steaming Hours (000)	35	30	30	33	-	+3

ARMY RESERVE

Program/Price Growth. The FY 1996 budget request decreases by \$171.6 million from the FY 1995 level. This decrease is the net effect of an increase of \$32.1 million for price growth, an increase of \$3.6 million for functional transfers into the account, and a program decrease of \$207.3 million in remaining O&M funded programs. The FY 1997 budget request decreases by \$35.0 million from the FY 1996 level. This decrease is the net effect of an increase of \$28.6 million for price growth and a decrease of \$63.6 million in O&M funded programs.

Functional Transfers. Functional transfers increase O&M funding by \$3.6 million in FY 1996, including the transfer into the account from the O&M, Army account of \$2.6 million for installation management for Ft. McCoy, Ft. Hunter Liggett, Camp Parks, and Ft. Pickett. There are no functional transfers in FY 1997.

Program Discussion. Army Reserve Selected Reserve end strength continues to decrease from 242,000 in FY 1995 to 215,000 by the end of FY 1997. In FY 1996, the Army has introduced a tiered resourcing strategy for Army Reserve OPTEMPO. This strategy fully funds all Crisis Response Forces and Contingency Force Pool units. Later deploying units are resourced at lower readiness levels. Corresponding with the tiered readiness strategy are program decreases that reduce ground OPTEMPO to 156 miles (\$47.6 million) and air OPTEMPO to 7.2 hours per crew (\$12.7 million). The downsizing of the force further reduces associated O&M support by \$21.5 million. Additional program reductions in FY 1996 include deferring depot, real property, and automation equipment maintenance (\$87.2 million). Reductions in the FY 1997 program include additional force structure reductions of \$28.8 million. Constrained resources further reduce the program by \$34.8 million.

ARMY RESERVE PROGRAM DATA

	FY 1994	FY 1995	FY 1996	FY 1997	95-96	96-97
	Actual	Estimate	Estimate	Estimate	Change	Change
SelRes Strength	259,856	242,000	230,000	215,000	-12,000	-15,000
CivPers Strength	9,439	10,618	10,590	10,486	-28	-104
Aircraft Inv (End FY)	640	631	542	159	-89	-383
Flying Hours (000)	76	80	48	34	-32	-14
Reserve Centers	1,163	1,162	1,113	1,113	-49	-
Training Facilities	19	18	15	15	-3	-

RESERVE COMPONENTS

NAVY RESERVE

Program/Price Growth. The FY 1996 budget request decreases by \$5.3 million from the FY 1995 level. This decrease is the net effect of an decrease of \$28.6 million for price growth, a decrease of \$.2 million for functional transfers into the account, and a program increase of \$23.6 million in remaining O&M funded programs. The FY 1997 budget request increases by \$38.7 from the FY 1996 level. This increase is the net effect of an increase in price growth of \$34.7 million and an increase of \$4.0 million in O&M funded programs.

Functional Transfers. Functional transfers decrease O&M funding by a net of \$.2 million in FY 1996. Transferring into the account from the O&M, Navy account is \$4.4 million, including the decentralization of Naval Facilities Engineering Command support (\$2.1 million) and the decentralization of DSN telephone payments (\$1.6 million). Transferring out of the account to O&M, Navy is \$4.6 million for the consolidation of all Personnel Support Activities and Detachments within the Fleets (\$2.8 million) and the consolidation of the Mine Warfare staff (\$1.8 million) within the Navy Reserve. There are no functional transfers in FY 1997.

Program Discussion. The Navy Reserve continues to downsize Selected Reserve end strength from FY 1995 to FY 1997 by 4,308. The FY 1996 program, however, increases by \$22.4 million. The program increase includes the transfer of an LPH class ship (\$4.3 million), two MCM class ships (\$1.2 million), and two MHC class ships (\$1.1 million) from the Active to the Navy Reserve. In addition, the Reserve carrier (\$24.0 million) and two LST class ships (\$16.9 million) entering the Navy Reserve in FY 1995 will receive full year funding in FY 1996. Further, one E-2 Hawkeye counternarcotics squadron (\$4.7 million) will be commissioned and the F-5 aircraft to the Adversary mission (VFC) (\$1.5 million) will begin. These program increases are partially offset by the decommissioning of four NRF frigates (\$20.7 million) and one Reserve patrol squadron (\$3.9 million). In FY 1997, full year funding will be provided for the E-2 and the F-5 aircraft. Additionally, the NRF ship inventory will increase from 21 to 25 ships with the addition of four mine hunting ships (MHC).

NAVY RESERVE PROGRAM DATA

	FY 1994 Actual	FY 1995 Estimate	FY 1996 Estimate	FY 1997 Estimate	95-96 Change	96-97 Change
SelRes Strength	107,627	100,710	98,608	96,402	-2,102	-2,206
CivPers Strength	2,721	2,672	2,637	2,629	-35	-8
Aircraft Inv (End FY)	375	262	270	273	+8	+3
Ship Inv (End FY)	16	20	21	25	+1	+4
Flying Hours (000)	207	149	188	187	+39	-1
Steaming Hours (000)	35	30	30	33	-	+3
Air Squadrons	51	36	36	36	-	-

RESERVE COMPONENTS

MARINE CORPS RESERVE

Program/Price Growth. The FY 1996 budget request increases by \$8.4 million from the FY 1995 level. This increase is the net effect of an increase of \$.1 million for price growth, an increase of \$.2 million for functional transfers into the account, and a program increase of \$8.1 million in remaining O&M funded programs. The FY 1997 budget request increases by \$5.0 from the FY 1996 level. This increase is the net effect of an increase of \$2.3 million for price growth and an increase of \$2.7 million in O&M funded programs.

Functional Transfers. Functional transfers increased O&M funding by \$.2 million in FY 1996, as a result of a transfer in from O&M, Marine Corps for installation support at Richards-Gebaur AFB. There are no functional transfers in FY 1997.

Program Discussion. The Marine Corps Selected Reserve end strength increases from 41,000 in FY 1995 to 42,000 in FY 1996. The FY 1996 program correspondingly increases by \$8.1 million in FY 1996, including additional funds for maintenance associated with equipment purchases, such as Avengers, Light Armor Vehicles, advanced tactical air command system, and new communications equipment (\$5.6 million). Further program increases include environmental compliance costs (\$.3 million) and operations costs linking the Marine Corps Reserve computer network with the Active Marine Corps (\$.3 million). These increases are partially offset by a program decrease in lease costs associated with one-time FY 1995 purchases (\$2.0 million) and the relocation to Richards-Gebaur AFB (\$.6 million). The FY 1997 program increases by \$2.7 million, including additional O&M maintenance costs associated with equipment purchases (\$2.5 million).

MARINE CORPS RESERVE PROGRAM DATA

	FY 1994	FY 1995	FY 1996	FY 1997	95-96	96-97
	Actual	Estimate	Estimate	Estimate	Change	Change
SelRes Strength	40,711	41,000	42,000	42,000	+1,000	-
CivPers Strength	154	161	161	161	-	-
Aircraft Inv (End FY)	207	185	184	185	-1	+1

RESERVE COMPONENTS

RESERVE COMPONENTS

AIR FORCE RESERVE

Program/Price Growth. The FY 1996 budget request increases by \$14.4 million from the FY 1995 level. This increase is the net effect of an increase of \$18.7 million for price growth, an increase of \$10.9 million for functional transfers into the account, and a program decrease of \$15.2 million in remaining O&M funded programs. The FY 1997 budget request increases by \$23.1 from the FY 1996 level. This increase is the net effect of an increase of \$29.6 million for price growth and a decrease of \$6.5 million in O&M funded programs.

Functional Transfers. Functional transfers from O&M, Air Force increase O&M funding by \$10.9 million in FY 1996 to include \$1.5 million for helicopter support for range/shuttle missions, \$.2 million as a result of the change in threshold for equipment items, and \$9.2 million to fund services provided by DFAS to the Air Force Reserve. There are no functional transfers in FY 1997.

Program Discussion. The FY 1996 program decreases by \$15.2 million from FY 1995 levels. Major program changes include a decrease in depot level repairable funding (\$4.1 million), a civilian end-strength reduction (\$23.9 million), and the impact of one-time FY 1995 adds for C-130s at Youngstown (\$10.0 million) and the WC-130 reconnaissance mission (\$2.0 million). Force structure adjustments account for a further reduction of \$12.5 million with conversions from A-10s to OA-10s, KC-10s to KC-135s, C-141s to C-17s, and F-16s to KC-135s and C-141s. These reductions are offset by program increases for the one-half year costs of two associate flying squadrons (\$9.9 million) and one-half year support at March AFB (\$7.6 million). The FY 1997 program decreases by \$6.5 million over FY 1996 levels as civilian end-strength reductions continue (\$17.8 million) and conversions that began in FY 1996 are annualized (\$18.1 million). Program increases offset these reductions by annualizing the support at March AFB (\$6.8 million) and the associate flying squadrons (\$12.2 million). In addition, management headquarters costs are increased (\$6.5 million) to support additional workload as bases are realigned.

AIR FORCE RESERVE PROGRAM DATA

	FY 1994	FY 1995	FY 1996	FY 1997	95-96	96-97
	Actual	Estimate	Estimate	Estimate	Change	Change
SelRes Strength	79,621	78,706	73,969	73,160	-4,737	-809
CivPers Strength	15,563	15,962	15,435	15,010	-527	-425
Aircraft Inv (End FY)	450	414	392	380	-22	-12
Flying Hours (000)	150	145	144	143	-1	-1
Flying Units	64	64	63	62	-1	-1

RESERVE COMPONENTS

ARMY NATIONAL GUARD

Program/Price Growth. The FY 1996 budget request decreases by \$123.4 million from the FY 1995 level. This decrease is the net effect of an increase of \$46.2 million for price growth, an increase of \$45.9 million for functional transfers into the account, and a program decrease of \$215.5 million in remaining O&M funded programs. The FY 1997 budget request decreases by \$29.7 million from the FY 1996 level. This decrease is the net effect of an increase of \$73.5 million for price growth and a decrease of \$103.2 million in O&M funded programs.

Functional Transfers. Functional transfers increased O&M, Army National Guard funding by \$45.9 million in FY 1996 as a result of a transfer in from O&M, Army to fund the Operational Support Airlift Command. The assumption of this mission by the Army National Guard will result in greater efficiency and availability of the support provided to each component. There are no functional transfers in FY 1997.

Program Discussion. Army National Guard program continues to downsize as Selected Reserve end strength decrease from 387,000 in FY 1995 to 367,000 by the end of FY 1997. In FY 1996, the downsizing of the force reduces associated O&M support by \$32.5 million. Additionally, in FY 1996 the Army has introduced a tiered resourcing strategy for funding Army National Guard OPTEMPO. This strategy fully funds all Contingency Force Pool units and enhanced brigades. Later deploying units are resourced at lower readiness levels. Corresponding with the tiered readiness strategy are program decreases that reduce ground OPTEMPO to 213 miles (\$81.9 million) and air OPTEMPO to 7.1 hours per crew (\$44.0 million). Additional program decreases in FY 1996 include deferring real property maintenance (\$29.9 million) and depot maintenance requirements (\$20.0 million) and eliminating one-time funding in FY 1995 for National Guard Youth Programs (\$15.0 million). The FY 1997 program is further reduced by force structure downsizing and program deferrals resulting from constrained resources.

ARMY NATIONAL GUARD PROGRAM DATA

	FY 1994	FY 1995	FY 1996	FY 1997	95-96	96-97
	Actual	Estimate	Estimate	Estimate	Change	Change
SelRes Strength	396,928	387,000	373,000	367,000	-14,000	-16,000
CivPers Strength	27,379	25,948	25,668	24,231	-280	-1,437
Aircraft Inv (End FY)	2,806	2,103	1,743	1,724	-360	-19
Flying Hours (000)	304	403	334	282	-69	-52
Training Sites	10,520	10,626	10,732	10,839	+106	+107

RESERVE COMPONENTS

AIR NATIONAL GUARD

Program/Price Growth. The FY 1996 budget request decreases by \$60.7 million from the FY 1995 level. This decrease is the net effect of a decrease of \$3.3 million for price growth, an increase of \$21.4 million for functional transfers into the account, and a program decrease of \$78.8 million in remaining O&M funded programs. The FY 1997 budget request increases by \$61.1 from the FY 1996 level. This increase is the net effect of an increase of \$79.3 million for price growth, an increase of \$3.5 million for functional transfers into the account, and a program decrease of \$21.7 million in remaining O&M funded programs.

Functional Transfers. Functional transfers of various mission responsibilities increase O&M, Air National Guard funding by \$21.4 million in FY 1996. Functional transfers of mission responsibilities from active Air Force O&M include equipment maintenance funds for EC-130 operations and Senior Scout missions (\$15.5 million), and civilian personnel to begin the operation of air defense sectors associated with the 1st Air Force mission (\$5.0 million). Additionally, \$.8 million is transferred in from Air Force procurement for the change in the equipment purchase criteria. Functional transfers in FY 1997 include the annualization of civilian personnel associated with the 1st Air Force mission (\$3.5 million).

Program Discussion. The FY 1996 program decreases by \$78.8 million over FY 1995 levels. Major program changes include a decrease in depot level repairable requirements as unit level maintenance shops increase efficiency (\$4.7 million) and civilian/technician end strengths are reduced (\$15.8 million). Force structure adjustments account for a further reduction of \$103.8 million with reductions in aircraft inventory and conversions from F-15 tactical fighters to B-1B bombers, F-16 air defense to F-15 air defense, RF-4C tactical reconnaissance to C-130E tactical airlift, and F-4G wild weasels to C-130Es. These reductions are offset by program increases for civilian transition benefits (\$19.9 million) and base operations support (\$24.5 million). The FY 1997 program decreases \$21.7 million from the FY 1996 level by the continuation of force structure and civilian/technician end-strength reductions and the annualization of FY 1996 unit conversions.

AIR NATIONAL GUARD PROGRAM DATA

	FY 1994	FY 1995	FY 1996	FY 1997	95-96	96-97
	Actual	Estimate	Estimate	Estimate	Change	Change
SelRes Strength	113,587	115,581	109,458	107,151	-6,123	-2,307
CivPers Strength	25,749	25,944	24,377	23,822	-1,567	-555
Aircraft Inv (End FY)	1,294	1,234	1,094	1,083	-140	-11
Flying Hours (000)	412	387	355	353	-33	-2
Flying Units	89	89	89	89	-	-

OFFICE OF THE INSPECTOR GENERAL

(\$ in Millions)

<u>FY 1994</u> <u>Actual</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 1995</u> <u>Estimate</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 1996</u> <u>Estimate</u>	<u>Price</u> <u>Growth</u>	<u>Program</u> <u>Growth</u>	<u>FY 1997</u> <u>Estimate</u>
135.4	+5.0	+5.5	140.9	+4.3	-6.0	139.2	+5.0	-4.3	139.9

This appropriation finances the Office of the Inspector General (OIG) which is responsible for auditing and investigating the Department's programs and operations including validation of departmental financial statements. Additionally, the OIG provides recommendations for policy and conducts activities to promote economy, efficiency, and effectiveness in DoD programs and operations by preventing and detecting fraud, waste, and abuse. The OIG is responsible for keeping top management and the Congress fully informed about the problems and deficiencies in programs and operations and the necessity for and progress of corrective action.

The budget request for the OIG decreases from \$140.9 million in FY 1995 to \$139.2 million in FY 1996 and \$139.9 in FY 1997. These estimates reflect the net effect of \$4.3 million and \$5.0 million in FY 1996 and FY 1997, respectively, for price growth, offset by program decreases of \$6.0 million in FY 1996 and \$4.3 million in FY 1997. The program decreases are in civilian personnel and support costs. These decreases are consistent with the overall downsizing in the Department and reflect DoD initiatives for reducing overhead.

HUMANITARIAN ASSISTANCE/DISASTER RELIEF

(\$ in Millions)

FY 1994 <u>Actual</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 1995 <u>Estimate</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 1996 <u>Estimate</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 1997 <u>Estimate</u>
Humanitarian Assistance:									
103.0	+2.9	-40.9	65.0	+2.0	+12.8	79.8	+2.4	-10.6	71.6

(Memo - Disaster Relief *):

) (46.0) (+1.4) (-2.1) (45.3) (+1.4) (-2.4) (44.3)

* Disaster Relief funds are included within the Operation and Maintenance, Defense-Wide appropriation in the amounts shown. Specific funding was not provided in FY 1994 for Disaster Relief; however, the Department did respond to emergencies in Haiti and Rwanda which were financed by seeking supplemental appropriations and by drawing down the Emergency Response Fund, Defense.

HUMANITARIAN ASSISTANCE: The FY 1996/1997 budget includes \$79.8 million in FY 1996 and \$71.6 million in FY 1997 for the DoD Humanitarian Assistance program, a separate appropriation. The FY 1994 actual amount of \$103.0 million includes \$60.0 million for transportation of material to the Newly Independent States of the Former Soviet Union. The Humanitarian Assistance program involves all Military Services and provides for transportation costs of Defense material excess to requirements and supplies from the private nonprofit donor community for humanitarian purposes. Thus it provides the link between available material and qualified recipients worldwide. The Department of Defense has the transportation assets to assist in times when other traditional means of U.S. support have not been adequate. DoD Humanitarian Assistance activities are conducted in coordination with the Department of State to assure U.S. unity of effort and compliance with national security and foreign policy interests. Appropriation language, as amended by Section 8148 of the FY 1995 DoD Appropriations Act, allows the purchase and transportation of items for Afghanistan, Northern Iraq, and sub-Saharan Africa, but restricts humanitarian assistance for other countries to transportation only.

The FY 1995 Humanitarian Assistance program includes a congressional earmark of \$10.0 million for humanitarian demining efforts intended to provide training to personnel in foreign countries afflicted with a landmine problem which has resulted from civil wars

HUMANITARIAN ASSISTANCE/DISASTER RELIEF

and internal conflicts. The Humanitarian Assistance budget requests \$10.0 million in FY 1996 and FY 1997 to continue the demining effort.

DISASTER RELIEF: Disaster Relief provides for emergency assistance to countries in crises resulting from natural and man made disasters. While such acts are unpredictable, disaster relief funding permits the Department to provide emergency response with its unique transportation and operational capability. Disaster Relief funding is requested within the Operation and Maintenance, Defense-Wide appropriation, at levels of \$45.3 million in FY 1996 and \$44.3 million in FY 1997. In FY 1994, in lieu of approving a separate Disaster Relief program, Congress allowed the Department to draw down the Defense Emergency Response Fund (DERF), which contained \$94.6 million, to provide disaster relief where necessary. In addition, Congress approved a FY 1994 supplemental of \$299.3 million for the DERF, to accommodate the relief operations in Rwanda and the migrant processing operations in and around Cuba. In FY 1995, Congress has approved a separate Disaster Relief program within the Operation and Maintenance, Defense-Wide appropriation, funded at \$46.0 million.

INTERNATIONAL PEACEKEEPING

AND

PEACE ENFORCEMENT

(\$ in Millions)

FY 1994 Actual	Price Growth	Program Growth	FY 1995 Estimate	Price Growth	Program Growth	FY 1996 Estimate	Price Growth	Program Growth	FY 1997 Estimate
0	-	-	0	-	+65.0	65.0	+2.0	+33.0	100.0

The International Peacekeeping and Peace Enforcement Activities Account would support U.S. payment of United Nations peacekeeping and peace enforcement assessments for operations which the Department of Defense has lead funding and management responsibility under proposed new legislation. The FY 1996/1997 budget request reflects funding to pay U.N. peacekeeping assessments so that the United States Government meets its treaty obligations, thereby supporting existing or new U.N. peace operations. The funds will be used to pay the U.S. share of peacekeeping assessments by the United Nations.

The FY 1996/1997 funding request, in conjunction with proposed legislation, allows the Department of Defense to pay the U.S. share of UN peacekeeping assessments only for operations in which U.S. combat forces participate. The State Department would continue to have responsibility for payment of assessments for all other peacekeeping and peace enforcement operations, which are the vast majority of current UN actions. This Department of Defense account would complement the existing Contributions to International Peacekeeping Activities (CIPA) account within the Department of State.

The term combat forces applies to units that have combat missions as primary missions. This account would not pay assessments for operations in which U.S. participation is limited to noncombatant troops, such as U.N. military observers (UNMO) or combat support and combat service support troops. Under this model, the Department of Defense would be responsible for payment of U.S. assessments for two current operations: the United Nations Protection Force in the Former Yugoslavia Republic of Macedonia (UNPROFOR-FYROM) and the planned United Nations Mission in Haiti (UNMIH) operation, which is expected to include U.S. combat units. The estimated FY 1996 costs for these two operations are: \$50 million for UNMIH and \$15 million for UNPROFOR-FYROM. The estimated FY 1997 costs are based on a continuation of the UNPROFOR-FYROM mission, unanticipated peace operations

INTERNATIONAL PEACEKEEPING

and inflation. The funds requested to support these two peace operations are calculated on the basis of a twenty-five percent assessment rate in keeping with congressional direction in the fiscal year 1994/1995 Foreign Relations Authorization Act.

In general, U.S. policy requires U.N. reimbursement for support provided by the DoD. The proposed legislation authorizes such reimbursement to be paid directly to the defense appropriation which incurred the cost. If reimbursement exceeds the incremental costs incurred, the Department would be authorized to credit the excess to the International Peacekeeping and Peace Enforcement Activities Account.

FORMER SOVIET UNION THREAT REDUCTION

(\$ in Millions)

<u>FY 1994</u>	<u>Price</u>	<u>Program</u>	<u>FY 1995</u>	<u>Price</u>	<u>Program</u>	<u>FY 1996</u>	<u>Price</u>	<u>Program</u>	<u>FY 1997</u>
<u>592.7</u>	<u>+5.6</u>	<u>-198.3</u>	<u>400.0</u>	<u>+11.4</u>	<u>-40.4</u>	<u>371.0</u>	<u>+11.1</u>	<u>-17.7</u>	<u>364.4</u>
<u>Program</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Growth</u>	<u>Estimate</u>

The FY 1996/1997 budget contains \$371.0 million/\$364.4 million, to be available until expended, to facilitate the destruction and nonproliferation of nuclear, chemical and other weapons of mass destruction in the Former Soviet Union (FSU) thereby reducing the threat to the U.S. and enhancing U.S. and global security. These funds support continuation of the programs for weapons destruction and nonproliferation activities in the FSU established under the FY 1992 Dire Emergency Supplemental Appropriations Act, Public Law 102-229, and the FY 1993 DoD Appropriations Act, Public Law 102-396. The FY 1994 program above reflects the new FY 1994 FSU Threat Reduction appropriation of \$400.0 million, plus \$192.7 million reprogrammed into that appropriation to continue the program initially made available by the FY 1993 DoD Appropriations Act. Actual obligations executed in FY 1994 are \$202.5 million, reflected in the TOA chart, program and financial statements, and other budget justification material.

FY 1996/1997 funding will support efforts in the following activities:

- Destruction and dismantlement of strategic nuclear systems including missiles, silos, excess liquid rocket fuel, submarines, bombers, and chemical munitions.
- Chain of Custody/Nonproliferation including storage of nuclear weapons, and design and equipping of a fissile material storage facility.
- Demilitarization including assisting in the conversion of FSU weapons-producing firms to civilian activities through the Defense Demilitarization Enterprise Fund.
- Other Program Support including administration, initial developmental costs as well as training and support of FSU defense and military personnel for demilitarization. Also included is the Arctic nuclear waste study which investigates possible ecological and health risks resulting from FSU nuclear waste disposal in the Arctic region.

DEFENSE HEALTH PROGRAM

(\$ in Millions)

	FY 1994 <u>Actual</u>	Price Program <u>Growth</u>	FY 1995 <u>Estimate</u>	Price Program <u>Growth</u>	FY 1996 <u>Estimate</u>	Price Program <u>Growth</u>	FY 1997 <u>Estimate</u>
O & M	9,344.2	+411.8	9,591.2	+380.3	9,865.5	+437.8	9,720.5
Procurement	<u>273.6</u>	<u>+7.7</u>	<u>329.6</u>	<u>+9.9</u>	<u>288.0</u>	<u>+8.6</u>	<u>+1.9</u>
Total	9,617.8	+419.5	9,920.8	+390.2	10,153.5	+446.4	9,819.0

The medical mission of the Department of Defense (DoD) is to provide, and maintain readiness to provide, medical services and support to the armed forces during military operations, and to provide medical services and support to members of the armed forces, their dependents, and other beneficiaries entitled to DoD health care. The Defense Health Program (DHP) appropriation supports worldwide medical and dental services to active forces and other eligible beneficiaries, veterinary services, medical command headquarters, specialized services for the training of medical personnel, and occupational and industrial health care. Included are costs associated with the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) which provides for the health care of eligible active duty dependents, retired members and their dependents and the eligible surviving dependents of deceased active duty and retired members.

The remaining portion of the DHP appropriation funds procurement of capital equipment in support of the DoD health care program in military medical treatment facilities and other health activities worldwide. It includes equipment for initial outfitting of new, expanded, or altered health care facilities. Also funded is equipment for modernization and replacement of worn-out, obsolete, or uneconomically repairable items; equipment in support of OCHAMPUS and medical treatment facility information processing requirements; and equipment supporting programs such as pollution control, clinical investigation, and occupational/environmental health.

DEFENSE HEALTH PROGRAM

NARRATIVE EXPLANATION OF CHANGES

The number of eligible persons who are expected to use the Military Health Services System (MHSS) declines by 2.7 percent from FY 1995 to FY 1996, from 6.4 million to 6.2 million. Total operation and maintenance funding for the program increases by \$274.3 million, with the aggregate price increase for the medical program being \$380.3 million, offset by a program decrease of \$106.0 million.

The FY 1996 President's Budget reaffirms plans to close the Uniformed Services University of the Health Sciences (USUHS), as recommended by the Vice President's National Performance Review. The budget reflects the phased closure of the University, to be accomplished after the last freshman class is admitted in the Fall of 1995. Closure will be completed by the end of FY 1999 after the final class graduates.

The FY 1996 President's Budget reflects the Department's decision for a uniform medical benefit, as directed by Congress. The fee plan was designed to comply with statutory requirements that the new benefit reduce out of pocket costs for beneficiaries while at the same time, not increasing costs to the government. The new benefit will be implemented nationwide as part of 12 regional Managed Care Support contracts. In FY 1997, the Defense Health Program budget has been reduced by \$17 million in anticipation of savings resulting from the uniform benefit.

The CHAMPUS budget request reflects a decrease in costs for standard CHAMPUS benefits and an increase in costs for Managed Care Support (MCS) contracts as the regional contracts are phased in nationwide. The shift is costs reflects the increase in the beneficiary population covered by the MCS contracts and a decrease in the population covered by standard CHAMPUS.

FY 1996 EXPLANATION OF INCREASES AND DECREASES

In FY 1996, the Operation and Maintenance portion of the Defense Health Program budget includes \$380.3 million for price increases, and program increases and decreases netting to a decrease of \$106.0 million. The program increases include:

DEFENSE HEALTH PROGRAM

Major Components of FY 1996 Program Increase of \$515.6 Million

- \$18.0 million to expand the overseas dental program;
- \$13.6 million for the Clinical Escalation, Research, and Review Activities program combining special efforts related to the illnesses associated with the deployment of military personnel (including Persian Gulf War deployment);
- \$411.0 million in one time costs associated with implementation of the MCS contracts;
- \$57.0 million for further expansion of the MCS contracts; and
- \$7.7 million for increased real property maintenance requirements

Major Components of FY 1996 Program Decrease of \$621.6 Million

- \$47.9 million for unbudgeted increases in FY 1995;
- \$16.8 million reflects decreased emergency medical care costs for declining active duty population
- \$9.4 million for the phase out of the Fort Bragg mental health demonstration;
- \$125.8 million in decreased requirements related to the population decline;
- \$278.6 million reduction in CHAMPUS costs as program responsibilities and benefit costs are assumed by the MCS contract program;
- \$92.4 million reduction related to one time FY 1995 costs for the MCS contracts;
- \$4.5 million for beginning of phased closure of the Uniformed Services University of the Health Sciences; and,
- \$21.4 million reduction in decreased requirements related to Base Realignment and Closure (BRAC)

DEFENSE HEALTH PROGRAM

FY 1997 EXPLANATION OF INCREASES AND DECREASES

In FY 1997, the Operation and Maintenance portion of the Defense Health Program budget includes \$437.8 million for price increases, and program increases and decreases netting to a decrease of \$582.8 million as follows:

Major Components of FY 1997 Program Increases of \$1,573.2 Million

- \$448.0 million in one time costs associated with implementation of the MCS contracts;
- \$1,105.8 million in increased benefit costs for MCS contracts; and,
- \$3.8 million for increased real property maintenance requirements

Major Components of FY 1997 Program Decrease of \$2,156.0 Million

- \$402.2 million in decreased requirements related to the population decline;
- \$17.0 million savings from implementation of the Uniform HMO Benefit;
- \$38.9 million decline in requirements for the Composite Health Care System (one time FY 1995 costs);
- \$1,201.0 million reduction in CHAMPUS related to MCS implementation;
- \$432.8 million reduction in one time FY 1996 costs related to the MCS implementation;
- \$21.0 million reduction in requirements related to BRAC; and,
- \$3.5 million reduction reflecting the continued phase out of the Fort Bragg Mental Health Demonstration.

Program Data

	FY 1994 Actual	FY 1995 Estimate	FY 1996 Estimate	FY 1997 Estimate	95-96 Change	96-97 Change
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CHAMPUS/Managed Care Support (MCS) Workload IndicatorsCHAMPUS Eligibles Covered by

MCS Contracts	757,479	946,720	2,584,482	4,952,141	+1,637,762	+2,367,659
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CHAMPUS Eligibles Not Covered by

MCS Contracts	4,853,727	4,491,115	2,710,674	278,324	-1,780,441	-2,432,350
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Total, CHAMPUS Eligibles	5,611,206	5,437,835	5,295,156	5,230,465	-142,679	-64,691
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Organic Medical Workload IndicatorsMedical Programs

Hospitals/Medical Centers	132	127	124	124	-3	0
PRIMIS/NAVCARE Clinics	21	21	21	21	0	0
Medical Clinics	520	504	510	508	+6	-2
Dispositions	704,232	690,536	681,307	597,238	-9,229	-84,069
Inpatient Work Units	770,939	755,607	745,713	653,800	-9,894	-91,913
Occupied Bed Days	2,864,684	2,802,212	2,760,173	2,409,290	-42,039	-350,883
Average Length of Stay	4.1	4.0	4.0	4.0	0	0
Total Ambulatory Visits	46,189,193	45,201,950	44,567,657	39,211,619	-634,293	-5,356,038

Flying Hours

Aircraft	25	25	25	25	-	-
Flying Hours (in thousands)	26.812	29.478	29.478	29.478	-	-
Cost (\$ in millions)	\$1.812	\$1.846	\$1.907	\$1.962	\$+.061	\$+.055

DEFENSE HEALTH PROGRAM

ELIGIBLE MILITARY HEALTH SERVICES SYSTEM (MHSS) POPULATION

	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>95-96</u>	<u>96-97</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>
Active Duty (1)	1,834,176	1,740,367	1,679,197	1,649,217	-61,170	-29,980
Active Duty Dependents(2)	2,593,968	2,451,988	2,352,172	2,304,674	-99,816	-47,498
CHAMPUS Eligible Retirees	1,147,655	1,126,365	1,108,793	1,097,167	-17,572	-11,626
CHAMPUS Eligible						
Retiree Dependents	1,869,583	1,859,482	1,834,191	1,828,624	-25,291	-5,567
CHAMPUS Eligibles (Subtotal)	5,611,206	5,437,835	5,295,156	5,230,465	-142,679	-64,691
Medicare Eligibles	1,086,360	1,150,462	1,209,653	1,264,156	+59,191	+54,503
Total	8,531,742	8,328,664	8,184,006	8,143,838	-144,658	-40,168

MHSS RELIANTS/USERS (3)

	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>95-96</u>	<u>96-97</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>
Active Duty (1)	1,834,176	1,740,367	1,679,197	1,649,217	-61,170	-29,980
Active Duty Dependents(2)	2,454,651	2,320,654	2,225,652	2,181,215	-95,002	-44,437
CHAMPUS Eligible Retirees	746,149	731,836	718,941	711,446	-12,895	-7,495
CHAMPUS Eligible						
Retiree Dependents	1,233,420	1,226,133	1,206,577	1,202,957	-19,556	-3,620
CHAMPUS Eligibles (Subtotal)	4,434,220	4,278,623	4,151,170	4,095,618	-127,453	-55,552
Medicare Eligibles	357,166	379,706	397,896	416,522	+18,190	+18,626
Total	6,625,562	6,398,696	6,228,263	6,161,357	-170,433	-66,906

- (1) Includes Active Guard/Reserve entitled to medical benefit.
- (2) Includes Dependents of Active Guard/Reserve entitled to medical benefit.
- (3) Reflects estimated number of eligibles who rely on the MHSS as a source of care.

DEFENSE HEALTH PROGRAM

MEDICAL PROGRAM CIVILIAN WORKYEARS*

	<u>FY 1994 Actual</u>	<u>FY 1995 Estimate</u>	<u>FY 1996 Estimate</u>	<u>FY 1997 Estimate</u>	<u>95-96 Change</u>	<u>96-97 Change</u>
U.S. Direct Hires	46,156	45,459	43,473	41,593	-1,986	-1,880
FNDH	<u>972</u>	<u>518</u>	<u>512</u>	<u>519</u>	<u>-6</u>	<u>+7</u>
Total, Direct Hires	47,128	45,977	43,985	42,112	-1,992	-1,873
FNIH	<u>1,564</u>	<u>1,900</u>	<u>1,960</u>	<u>1,991</u>	<u>+60</u>	<u>+31</u>
TOTAL, Civilian Workyears	48,692	47,877	45,945	44,103	-1,932	-1,842

*Civilian workyears appear in the Military Components with the Defense Health Program providing funding on a reimbursable basis.

MEDICAL PROGRAM MILITARY PERSONNEL* (Average Strength)

	<u>FY 1994 Actual</u>	<u>FY 1995 Estimate</u>	<u>FY 1996 Estimate</u>	<u>FY 1997 Estimate</u>	<u>95-96 Change</u>	<u>96-97 Change</u>
Officers	37,020	36,437	36,511	36,175	+74	-336
Enlisted	<u>71,661</u>	<u>69,638</u>	<u>68,656</u>	<u>68,308</u>	<u>-982</u>	<u>-348</u>
Total, End Strength	108,681	106,075	105,167	104,483	-908	-684

*Military end strength and military personnel costs appear in the Military Components.

DEFENSE HEALTH PROGRAM

CHAMPUS/MANAGED CARE SUPPORT (MCS) PROGRAM

(\$ in Millions)

	FY 1994 Actual	FY 1995 Estimate	FY 1996 Estimate	FY 1997 Estimate	95-96 Change	96-97 Change
CHAMPUS (Standard Benefits)	2,524.5	2,542.0	2,414.0	1,355.6	-128.0	-1,058.4
MCS Contracts-Benefit Costs	785.8	850.5	945.1	2,101.0	+94.0	+1,155.9
MCS Contracts-One Time Costs	7.8	88.1	411.0	448.0	+322.9	+37.0
Subtotal, Benefits	3,318.1	3,480.6	3,770.1	3,904.6	+289.5	+134.5
OCHAMPUS Costs	75.8	75.0	70.0	55.0	-5.0	-15.0
Total, CHAMPUS	3,393.9	3,555.6	3,840.1	3,959.6	+284.5	+119.5

Note: The decrease in the cost of standard CHAMPUS benefits and the increase in MCS costs is primarily due to the gradual assumption of standard benefit costs by the MCS contracts as these contracts are phased in nationwide.

DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES

(\$ in Millions)

FY 1994 Actual	Price Growth	Program Growth	FY 1995 Estimate	Price Growth	Program Growth	FY 1996 Estimate	Price Growth	Program Growth	FY 1997 Estimate
-*	-	+721.3	721.3	+18.3	-59.2	680.4	+18.8	+1.6	700.8

*Funding is included in the Component accounts in the actual year.

The DoD Drug Interdiction and Counter-Drug Activities appropriation is a central transfer account that finances the counter-drug missions assigned to DoD as part of the President's multi-national and multi-agency National Drug Control Strategy. The President's Strategy and the DoD counter-drug programs are designed to reduce the flow of illegal drugs into the United States by encouraging reduction in foreign production, combating international traffickers and reducing demand at home. To achieve these broad objectives, the Department seeks to: (1) prevent foreign drug exports by increasing the counter-drug effectiveness of foreign governments, agencies and forces; (2) assist in countering the flow of illegal drugs in transit to the United States; (3) counter trafficking in the United States by supporting Federal, state, and local law enforcement agencies; (4) assist in the research and development of technology to enhance counter-drug operations; and (5) reduce the demand for illegal drugs within the Department of Defense, including its extended community. The FY 1996/FY 1997 budget continues the pursuit of this wide range of activities in support of the President's National Counterdrug Strategy.

Funding Detail: In support of the National Strategy, Department of Defense Drug Interdiction and Counter-Drug Resources are aligned across the major missions displayed in the chart and described on the following page.

DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES

FUNDING BY MISSION CATEGORY

	(Dollars in Millions)				95-96 Change	96-97 Change
	FY 1994 Actual	FY 1995 Estimate	FY 1996 Estimate	FY 1997 Estimate		
Dismantling Cartels	48.1	60.4	64.3	71.1	+3.9	+6.8
Source Nation Support	144.5	117.3	127.3	137.9	+10.0	+10.6
Detection and Monitoring (Transit Zone)	220.4	121.7	111.7	110.5	-10.0	-1.2
Demand Reduction	88.7	96.0	97.8	102.7	+1.8	+4.9
Law Enforcement Agency Support	313.2	325.9	279.3	278.6	-46.6	-.7
Total*	814.9	721.3	680.4	700.8	-40.9	+20.4

* FY 1994 includes \$143.6 million for counterdrug OPTEMPO. Beginning in FY 1995, counterdrug OPTEMPO is included in the Service budgets.

PROGRAM NARRATIVE/SUMMARY OF FY 1996/FY 1997 REQUEST

The request for the counter-drug program for FY 1996 totals \$680.4 million, a net decrease of \$40.9 million from the FY 1995 level of \$721.3 million. The net decrease consists of price growth of \$18.3 million offset by a program decrease of \$59.2 million.

The request for drug interdiction and counterdrug activities for FY 1997 is \$700.8 million, an increase of \$20.4 million of which \$18.8 million is for price growth.

The FY 1996/FY 1997 President's Budget funding levels reflect the decision to close selected Caribbean Basin Radar sites in FY 1995, reconfiguring the network from 18 to 9 sites; and to deactivate three Tethered Aerostats Radar Systems in the Bahamas in FY 1995. New projects funded in FY 1996 include ground based end game operations in Colombia, Peru, and Bolivia, and support to United States Federal Drug Law Enforcement Agencies and source nations to stem the flow of heroin from Asia. Also, the new Relocatable Over the Horizon Radar (ROTHR), located in Puerto Rico, becomes operational in FY 1997.

The components of the President's National Drug Control Strategy to be addressed by the Department in FY 1996 and FY 1997 are as follows:

DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES

Dismantling Cartels: For FY 1996, a total of \$64 million, an increase of \$3.9 million over the FY 1995 level, is designated for programs to expedite the dismantling of drug cartels. Funding will provide intelligence and related support to DoD and law enforcement forces engaged in identifying major drug cartels and in planning for their disruption and elimination.

In FY 1997, \$71.1 million is designated for programs to expedite dismantling of drug cartels. Funding will provide intelligence and related support to DoD and law enforcement forces engaged in identifying major drug cartels and in planning for their disruption and elimination.

Source Nation Support: Approximately \$127 million is designated for support of DoD and host nation activities within source countries in FY 1996. Specifically, DoD has designated \$58 million for detection, monitoring and interdiction programs, \$49 million for C4I support to host nation law enforcement initiatives, \$4 million for the Riverine program to improve the host nations' control of their territory and \$16 million for other support programs. Support will be aimed at fostering the ideals of democracy and human rights while decreasing the source nation's reliance on drug-related resources.

For FY 1997, close to \$138 million is designated for support of DoD and Host Nation activities within source nation countries. Of this total, \$71 million is designated for detection, monitoring and interdiction programs, \$46 million for C4I support to host nation law enforcement initiatives, \$5 million for the Riverine program to improve the host nation's control of their territory, and \$16 million for other support programs. DoD's support to source nations works to foster the ideals of democracy and human rights.

Detection and Monitoring: A total of \$112 million is budgeted for continuation of this effort, a decrease of \$10 million from the FY 1995 amount. The FY 1996 decrease reflects the continued refocusing of detection and monitoring efforts from transit locations to the source country with more intelligence-cued detection and monitoring, consistent with the national strategy.

A total of \$110 million has been designated for the continuation of detection and monitoring activities in FY 1997.

Demand Reduction: Approximately \$98 million is budgeted in FY 1996 and \$103 million in FY 1997 for demand reduction within the United States. These funds will support the following: education, and early identification through testing and treatment of drug

DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES

abusers, and Military Departments and National Guard community outreach programs to help at-risk youths.

Drug Law Enforcement Agency (DLEA) Support: A total of \$279 million is budgeted for support to DLEAs, a decrease of \$46.6 million from FY 1995. Of this total, \$136 million, or 46 percent, is designated for the National Guard Bureau State Plans, \$2.2 million for the Gulf States Initiative and \$1 million for the Multi-Jurisdictional Task Force. The balance of \$139.8 million will be provided to a variety of other Drug Law Enforcement Agencies for counter-drug related support.

Approximately \$279 million is designated for the continuation of support to DLEAs in FY 1997. Of this total, \$141 million, or 50 percent, is designated for the National Guard Bureau State Plans, \$2.2 million for the Gulf States Initiative and \$1.1 million for the Multi-Jurisdictional Task Force. The balance of \$134.7 million will be provided to a variety of other Drug Law Enforcement Agencies for counter-drug related support.

SUMMER OLYMPICS

(\$ in Millions)

FY 1994 <u>Actual</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 1995 <u>Estimate</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 1996 <u>Estimate</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 1997 <u>Estimate</u>
.5	-	+17.7	18.2	+5	-3.7	15.0	+5	-15.5	-

The Olympic Summer Games will be held in Atlanta, Georgia, from July 20 - August 5, 1996. Congress appropriated \$14.4 million in FY 1995 and also reappropriated \$3.8 million in FY 1995 to finance start-up costs for the Department of Defense to begin providing advance logistical support to those law enforcement agencies responsible for the provision of event security. Appropriated funds are used only for support to police and public safety agencies. DoD provides this support only as a supplier of last resort and ensures that no degradation to readiness results from this effort. Such support is essential to the National interest to assure that competitors and visitors are secure. Any DoD assistance to the event organizers is on a reimbursable basis.

AIR OPERATIONS

	FY 1994 Actual	FY 1995 Estimate	(\$ in Millions)		FY 1996 Estimate	FY 1997 Estimate	95-96 Change	96-97 Change
Army Reserve	674.4	803.5	908.3	817.8	+104.8	-90.5		
Army National Guard	51.0	61.0	49.0	38.0	-12.0	-11.0		
Navy	132.2	195.9	161.9	144.4	-34.0	-17.5		
Navy Reserve	4,756.8	5,092.4	4,598.1	4,723.5	-494.3	+125.4		
Air Force	482.2	518.2	492.0	521.9	-26.0	+29.9		
Air Force Reserve	7,761.8	8,489.3	8,163.1	8,197.8	-326.2	+34.7		
Air National Guard	1,294.6	1,407.0	1,420.9	1,435.7	+13.9	+14.8		
USSOCOM	2,655.6	2,764.7	2,704.1	2,765.2	-60.6	+61.1		
Defense Health Program	295.8	325.2	323.3	328.8	-1.9	+5.5		
Total	18,190.0	19,742.2	18,905.3	19,056.0	-836.9	+150.7		

ARMY

The funds requested for the Active Army are required to maintain and train units for mobilization, and to provide related administrative support. Army Flight Operations funds the combat major commands (MACOMS), as well as several other agencies and commands. Within the combat MACOMS, the table of organization and allowances (TO&E) rotary wing aircraft are resourced at an average OPTEMPO of 14.5. The OPTEMPO fleet consumes approximately 50 percent of the Active Army flying hours and 75 percent of the funding requirement due to the preponderance of modernized aircraft in the fleet. Also included are the hours associated with the Combat Aviation Training Brigade at Fort Hood, an agency that serves as the Army's collective trainer, fixed wing aircraft hours, and hours for the training of pilots associated with Reserve Trainer Detachments. Army Flight Training supports the Army's flight training program at Fort Rucker, as well as training programs at the Intelligence School at Fort Huachuca. A small program funds hours for the remaining nontraining fleet in the Training and Doctrine Command and hours at the United States Military Academy. The Army International Program funds a small international program at SHAPE headquarters and a NATO support program in Turkey.

AIR OPERATIONS

Army	FY 1994 <u>Actual</u>	FY 1995 <u>Estimate</u>	(\$ in Millions)		95-96 <u>Change</u>	96-97 <u>Change</u>
			FY 1996 <u>Estimate</u>	FY 1997 <u>Estimate</u>		
Army Flight Ops	564.3	683.0	798.9	704.1	+115.9	-94.8
Army Flight Training	108.9	119.2	107.8	112.3	-11.4	+4.5
Army Intn'l Pgm Spt	1.2	1.2	1.6	1.5	+0.4	-0.1
Total	674.4	803.5	908.3	817.8	+104.8	-90.5

Program Data	FY 1994 <u>Actual</u>	FY 1995 <u>Estimate</u>	FY 1996 <u>Estimate</u>	FY 1997 <u>Estimate</u>	95-96 <u>Change</u>	96-97 <u>Change</u>
Primary Auth	3,471	3,376	2,995	2,603	-381	-608
Aircraft (PAA)	817.5	811.9	701.9	650.0	-110.0	-51.9
Flying Hours (000)						

Army Flight Ops: This program reflects a downsizing effort and an implementation of an aviation restructure initiative (ARI). This budget removes the aircraft first associated with the First and Fourth Infantry Divisions as part of the downsizing effort. The ARI effort reduces the numbers of older, less costly aircraft such as the UH-1 and OH-58, while retaining the more costly AH-64 at an increased OPTEMPO. Despite the decrease in aircraft and corresponding decrease in flying hours, cost factors for FY 1996 have increased significantly, driving up the cost of the flying hour program as well. The cost factors are reflective of increased AMDF costs, inflation, credit rate policies, and most significantly, the revolving 3-year average used to calculate the rates. The FY 1995 rates, for example, used demand data for FY 1991-1993 in the calculations. The FY 1996 rates used demand data based on FY 1992-1994. FY 1991 and FY 1992 tended to be years in which less demands were placed on the system because the flying was curtailed to conserve parts in the Desert Storm/Desert Shield year, travel time back to home station, and the maintenance recovery that extended throughout much of 1992 resulted in rates that were lower than usual for FY 1994. FY 1996 rates, using the FY 1992-1994 base, were correspondingly higher. It should be noted that despite full funding for the flying hour program in past years, competing requirements such as base operations at major commands have resulted in some migration of flying hour dollars beginning with FY 1993.

AIR OPERATIONS

Army Flight Training: This program supports a training load that is 80 percent of the requirement. This is the normal situation with this program. Costs for FY 1996 have risen as stated for the Flight Operations Program.

Army International Program: This program remains stable.

ARMY RESERVE

The funds requested for Army Reserve are required to maintain and train units for immediate mobilization, and to provide administrative support.

<u>Army Reserve</u>	<u>FY 1994</u>	<u>FY 1995</u>	(\$ in Millions)		<u>95-96</u>	<u>96-97</u>
Training Ops	<u>Actual</u>	<u>Estimate</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>Change</u>	<u>Change</u>
			<u>Estimate</u>	<u>Estimate</u>		
	51.0	61.0	49.0	38.0	-12.0	-11.0
<u>Program Data</u>						
Primary Auth						
Aircraft (PAA)	637	631	542	159	-89	-383
Flying Hours (000)	75.0	73.0	48.0	34.0	-25.0	-14.0
OPTEMPO (Hrs/Crew/Month)	6.3	6.6	5.7	4.1	-0.9	-1.6
Primary Mission						
Readiness (PMR) (%)	78	94	71	51	-23	-20

FY 1996/1997 Programs: The program reflects major reductions starting in FY 1995. Funds are provided from the Flying Hour Program in both FYs 1996 and 1997 for the migration of 60 UH-60 modernized rotary wing aircraft from the Army Reserve to the Army National Guard, the retirement of non-modernized aircraft (UH-1s and OH-58s), and the transition to additional modernized aircraft (AH-64 and CH-47D) under the Aviation Restructure Initiative. Costs are higher for modernized aircraft operations, while flying hours decrease due to non-modernized aircraft retirement. There is no new aviation force structure currently planned for the Army Reserve.

ARMY NATIONAL GUARD

	FY 1994 Actual	FY 1995 Estimate	FY 1996 Estimate	FY 1997 Estimate	95-96 Change	96-97 Change
<u>Army National Guard</u>						
Training Ops	132.2	195.9	161.9	144.4	-34.0	-17.5
<u>Program Data</u>						
Primary Auth						
Aircraft (PAA)	2,806	2,103	1,743	1,724	-360	-19
Flying Hours (000)	304.3	402.7	334.0	281.5	-68.7	-52.5

AIR OPERATIONS

AIR OPERATIONS

NAVY

Active Navy air operations fund the operating tempo, intermediate, organizational and depot level maintenance, fleet training, engineering support, logistical support, and base support, to operate, maintain, and deploy aviation forces in support of the national military strategy.

<u>Navy</u>	(\$ in Millions)				
	<u>FY 1994 Actual</u>	<u>FY 1995 Estimate</u>	<u>FY 1996 Estimate</u>	<u>FY 1997 Estimate</u>	<u>95-96 Change</u> <u>96-97 Change</u>
Mission/Flight Ops	1,971.9	1951.6	1,788.3	1,806.7	-163.3 +18.4
Fleet Air Trng (FAT)	646.5	753.8	627.9	639.9	-125.9 +12.0
Intermediate Maint	92.0	66.6	68.1	65.4	+1.5 -2.7
Air Opns/Safety Spt	138.3	77.1	59.1	72.1	-18.0 +13.0
Depot Maintenance	476.6	681.1	489.4	539.8	-191.7 +50.4
Depot Ops Support	29.3	31.9	28.2	30.2	-3.7 +2.0
Base Support	1,044.6	1,157.6	1,205.6	1,211.9	+48.0 +6.3
Combat Communications	45.9	40.0	37.6	38.5	-2.4 +0.9
Flight Training	291.5	308.1	273.0	296.7	-35.1 +23.7
External Relations	13.6	16.7	14.1	15.1	-2.6 +1.0
Training Support	<u>6.6</u>	<u>7.9</u>	<u>6.8</u>	<u>7.2</u>	<u>-1.1</u> <u>+0.4</u>
Total	4,756.8	5,092.4	4,598.1	4,723.5	-494.3 +125.4

AIR OPERATIONS

Aircraft inventory and flying hours are key indicators of the level of activity funded within the Navy's air operations.

<u>Program Data</u>	<u>FY 1994 Actual</u>	<u>FY 1995 Estimate</u>	<u>FY 1996 Estimate</u>	<u>FY 1997 Estimate</u>	<u>95-96 Change</u>	<u>96-97 Change</u>
Primary Auth						
Aircraft (PAA)	2,919	2,763	2,661	2,597	-112	-74
Flying Hours (000)	1,399	1,388	1,346	1,333	-42	-13
OPTEMPO (Hrs/Crew/Month)	24.0	24.0	24.0	24.0	-	-
Primary Mission						
Readiness (PMR) (%)	83	85	85	85	-	-
Naval Air Stations						
CONUS	21	20	20	20	-	-
Overseas	11	11	9	9	-2	-

Mission/Flight Operations and Fleet Air Training (FAT) reflect decreases in both PAA and hours from FY 1995 to FY 1997 due to various force structure changes. Hours per crew per month and PMR have been maintained at a level necessary to retain aircrew readiness and safety.

Mission/Flight Operations: Reflects a \$213.4 million price reduction from FY 1995 to FY 1996. Program growth totaling \$50.1 million is due primarily to the evolution of the carrier air wing to meet future threats. The reconfigured airwings will utilize multi-role fighter/attack aircraft allowing for reduced number of strike aircraft and manpower. Two A-6 and one F-14 squadron will be decommissioned as a result of the air wing reconfiguration. The changing nature of the military threat provided the opportunity to decommission one of the active P-3C patrol squadrons. The price growth from FY 1996 to FY 1997 is \$110.7 million. Programmatic decreases in FY 1997 of \$92.3 million reflect the decommissioning of the final four squadrons of A-6 aircraft and four F-14 squadrons. Decreases are offset somewhat by the stand-up of two Navy EA-6B squadrons in both FY 1996 and FY 1997. Funding has also been added to correct maintenance problems resulting from reduced operational life of basic aircraft components such as engines.

Fleet Air Training: Reflects a price reduction of \$49.3 million from FY 1995 to FY 1996 and price growth of \$28.5 million from FY 1996 to FY 1997. Program reductions of

\$76.6 million from FY 1995 to FY 1996 and \$16.5 million from FY 1996 to FY 1997 reflect reduced training levels consistent with the force reductions described in Mission/Flight Operations.

Intermediate Maintenance: Funding reflects price growth from FY 1995 to FY 1996 of \$2.0 million and \$2.2 million from FY 1996 to FY 1997. The program decreases by \$0.5 million in FY 1996 and \$4.9 million in FY 1997 and is consistent with the drawdown of forces.

Air Operations and Safety Support: Funding reflects a price increase from FY 1995 to FY 1996 of \$0.8 million and \$1.4 million from FY 1996 to FY 1997. The program decreases by \$18.8 million in FY 1996 in order to work off backlog from previous years at Air Warfare Centers. FY 1997 increases \$11.6 million to bring customer orders at the Air Warfare Centers back to required then year levels. Support areas are being reduced in both FY 1996 and FY 1997 as forces are reduced.

Depot Maintenance: Funding reflects a price decrease of \$131.5 million from FY 1995 to FY 1996 and an increase of \$87.1 million from FY 1996 to FY 1997. The program decreases by \$60.2 million in FY 1996 and \$36.7 million in FY 1997. The program has been reduced commensurate with force structure drawdown.

Aircraft Depot Operations: Reflects a price decrease of \$2.0 million from FY 1995 to FY 1996 and increased \$1.0 million from FY 1996 to FY 1997. The program decreases by \$1.7 million in FY 1996 and increases \$1.0 million in FY 1997 due to force structure drawdown and phasing of programmatic requirements.

Base Support: Reflects \$26.1 million for price growth from FY 1995 to FY 1996 and \$31.5 million from FY 1996 to FY 1997. The program increases by \$21.9 million in FY 1996 and decreases by \$25.3 million in FY 1997. Program increases in FY 1996 reflect additions to RPM for reduction of Critical Backlog of Maintenance and Repair (CBMAR) in readiness related facilities. Program decreases in FY 1997 are primarily related to base closures and resulting savings.

Combat Communications: Reflects \$1.1 million for price growth from FY 1995 to FY 1996 and \$0.7 million from FY 1996 to FY 1997. The program decreases by \$3.5 million in FY 1996 and increases by \$0.2 million in FY 1997. The FY 1996 program decreases reflect reduced support for the TACAMO in-flight training program and maintenance and materials/supplies requirements. Program increases in FY 1997 support the consolidation of the Airborne Command Post mission into the E-6A aircraft.

AIR OPERATIONS

Flight Training: Reflects a price decrease of \$2.7 million in FY 1996 and a price increase of \$10.3 million from FY 1996 to FY 1997. The program decreases by \$32.4 million in FY 1996 and increases \$13.4 million in FY 1997. Program decreases in FY 1996 are due to a reduction in the T-39 maintenance contract. FY 1997 program increases reflect Aviation Training Rate (ATR) increases to eliminate pool controls to return throughput to a steady-state.

External Relations: Reflects a price decrease of \$2.5 million from FY 1995 to FY 1996 and a price increase of \$1.1 million in FY 1997. The program decreases by \$0.1 million in both FY 1996 and FY 1997.

Training Support: Reflects a price decrease of \$0.7 million in FY 1996 and a price increase of \$0.4 million from FY 1996 to FY 1997. The program decrease of \$0.4 million in FY 1996 is attributable to reduced Station Aircraft Hours associated with BRAC III realignment in Memphis.

AIR OPERATIONS

NAVY RESERVE

The Naval Air Reserve Force consists of one carrier air wing with a total of eight squadrons (including one E-2 Counter Narcotics Squadron and two Adversary squadrons), two long-range ASW patrol wings with a total of nine squadrons, one helicopter wing with eight squadrons, and one air logistics wing with twelve squadrons. The Fourth Marine Corps Air Wing (4th MAW) consists of seventeen flying squadrons and supporting units which are budgeted for and maintained by Commander, Naval Reserve Force. The Air Operations activity group provides funding for all aspects of Navy and Marine Corps Reserve air operations from flying hours to specialized training, maintenance, base operations and associated support. Programs supporting Reserve Air Operations include: flying hours (fuel, consumables and AVDLRs); Range Operations; Specialized skill training and associated administrative support; Intermediate and Depot level maintenance; and Operational support such as command and control. The activity group components which fund Naval Air Reserve requirements follow:

<u>Navy Reserve</u>	(\$ in Millions)			
	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>
Mission/Flight Ops	292.0	266.5	291.7	305.0
Intermediate Maint	17.4	19.4	17.8	18.4
Air Opns/Safety Spt	1.5	1.9	1.9	2.0
Depot Maintenance	64.3	90.5	49.3	59.6
Depot Ops Support	0.4	0.4	0.4	0.4
Base Support	<u>106.6</u>	<u>139.5</u>	<u>130.9</u>	<u>136.5</u>
Total	482.2	518.2	492.0	521.9
				<u>Change</u>
				+25.2
				-1.6
				-
				-41.2
				-
				<u>-8.6</u>
				-26.2
				+29.9
				<u>+13.3</u>
				+0.6
				+0.1
				+10.3
				-
				<u>+5.6</u>
				+29.9

Program Data

Primary Auth Acft (PAA)	595	447	454	458	+7	+4
Flying Hours (000)	207.4	149.2	187.6	186.6	+38.4	-1.0
OPTEMPO (Hrs/Crew/Month)	10.8	10.8	10.8	10.8	-	-
Primary Mission						
Readiness (%)	87	87	87	87	-	-

There is a funding decrease for Reserve Air Operations of \$26.2 million (-\$29.4 million price and +\$3.2 in program) in FY 1996, and a net \$29.9 million increase (+\$24.0 million in price and +\$5.9 million in program) for FY 1997.

The programmatic changes budgeted from FY 1995 to FY 1996 are in the following areas:

- Navy intends to increase the use of Reserves in previous Active mission areas. Contributory support missions for the naval reserve provides increased roles and missions in worldwide logistics, adversary, counternarcotics, mine-countermeasures, and helicopter support.
- An increase in the Depot Maintenance level backlog.
- An increase in the Maintenance and Repair, Real Property backlog.
- An increase in C-130 flight hours and airframes.
- An increase in the Adversary mission with additional F-5 airframes and flight hours.
- One Reserve Patrol squadron is being decommissioned in FY 1996.
- One counternarcotics E-2 squadron will be commissioned in FY 1996.

AIR FORCE

Active Air Force air operations funding provides the predominant resources supporting combat forces. These activities provide for the operational flying requirements of bomber fighter, mobility and training forces stationed in the United States as well as overseas. Also included are resources supporting: land based intercontinental ballistic missiles; air launched strategic and tactical missiles; electronic warfare and defense suppression missions; combat command, control and communications; combat crew training; and associated combat related base support.

Financing provides for the operating tempo, organizational and depot level maintenance, training, engineering support, logistical support, and base support to operate, maintain, and deploy aviation forces in support of the national military strategy. Air Operations for the Air Force are subdivided into the following categories:

Air Force	FY 1994 Actual	FY 1995 Estimate	(\$ in Millions)		95-96 Change	96-97 Change
			FY 1996 Estimate	FY 1997 Estimate		
Primary Combat Forces	2,480.4	2,809.1	2,684.9	2,688.6	-124.2	+3.7
Primary Combat Weapons	470.5	511.7	409.7	398.3	-102.0	-11.4
Combat Enhancement Forces	275.1	276.1	257.1	233.9	-19.0	-23.2
Air Operations Tng	484.7	661.8	647.6	634.3	-14.2	-13.3
Combat Comm	536.5	861.8	854.5	925.5	-7.3	+71.0
Base Support	2,327.0	2,281.8	2,407.2	2,367.8	+125.4	-39.4
Mobility Operations	795.2	829.8	641.7	676.9	-188.1	+35.2
Training Operations	177.9	161.6	155.0	162.9	-6.6	+7.9
Other	214.5	95.6	105.4	109.6	+9.8	+4.2
Total	7,761.8	8,489.3	8,163.1	8,197.8	-326.2	+34.7

AIR OPERATIONS

Program Data	FY 1994 Actual	FY 1995 Estimate	FY 1996 Estimate	FY 1997 Estimate	95-96 Change	96-97 Change
Inventory (PAA)						
Bombers	140	123	107	106	-16	-1
Fighters	1,331	1,340	1,288	1,257	-52	-31
Trainers	929	904	902	905	-2	+3
Mobility	666	655	602	611	-53	+9
Other*	418	432	440	464	+8	+24
Total	3,484	3,454	3,339	3,343	-115	+4
Flying Hours (000)	1,474.2	1,403.0	1,375.6	1,414.0	-27.4	+38.4
Tac Fighter Wing Equiv.	13.58	13.42	13.00	13.00	-0.42	-
Crew Ratio (Average)						
Bombers						
B-52	1.00	1.50	1.50	1.50	-	-
B-2	N/A	1.31	1.31	1.31	-	-
B-1	1.30	1.21	1.40	1.40	+0.19	-
Fighters	1.25	1.25	1.25	1.25	-	-
OPTEMPO (Hrs/Crew/Month)						
Bombers	19.7	19.8	19.9	19.9	+0.1	-
Fighters	18.0	19.9	19.3	19.6	-0.6	+0.3
Primary Mission Capable Rates (%)						
Bombers						
B-52	86.0	84.3	86.0	90.9	+1.7	+4.9
B-1	62.3	60.1	63.2	63.7	+3.1	+0.5
Fighters	83.4	82.0	82.3	82.6	+0.3	+0.3
Mobility	84.3	83.9	84.5	85.4	+0.6	+0.9
ICBM Inventory						
Minuteman II	94	5	-	-	-5	-
Minuteman III	530	530	530	530	-	-
Peacekeeper	50	50	50	50	-	-

* Other PAA includes active duty combat enhancement, air operations training, and combat communications.

Air Operations: The Air Force continues to drawdown to an active fighting force of thirteen fighter wings and 107 bombers. The bomber force, which includes B-52s, B-1s, and B-2s, decreases a total of 16 Primary Aircraft Authorizations (PAA) in FY 1996. This decrease includes the reduction of 18 B-52s (to be placed in reconstitution reserve) and 2 B-1Bs which will be transferred to the Air National Guard. During this same period, Air Force will take delivery of 4 additional B-2 aircraft. Changes will also impact our fighter force. Both the F-111F and the F-4G will be retired FY 1996 while operational requirements for the EF-111A will decrease in preparation for retirement in FY 1997. Both the F-111A and F-4G aircraft will be backfilled with the F-16.

Concerning strategic forces, we continue to remain optimistic about future relationships with the countries that once formed the Soviet Union. Nevertheless, forces will remain at a level which will ensure the defense of this nation. Towards this goal, we will maintain a nuclear force that includes 530 Minuteman missiles and a mix of nuclear capable B-2 and B-52 bombers. Major changes impacting these forces during this period is the phase out of Minutemen II missiles by the end of FY 1996, and the decapitalization of missile guidance sets from the Air Force stock fund.

The increase in base support funding for air operations represents initial efforts to rebuild a real property maintenance program that has been severely reduced since FY 1988 -- far out of proportion to requirements. Over this period, base closings and other drawdown actions resulted in a 21 percent decrease in square footage while funding decreased 39 percent. To reverse this trend, the Air Force intends to substantially decrease MILCON and instead rely on Operation and Maintenance funding in FY 1996 to repair existing facilities. The increase in FY 1996 increase also reflects a \$17.5 million initiative to fund quality of life enhancements.

Mobility Forces: Changes in this area are predominantly attributable to the cancellation of the Companion Trainer Program and the effects of the C-141B and KC-135 retirements. The C-141Bs being retired are training aircraft.

Training Operations: These programs continue to be impacted by the implementation of the Specialized Undergraduate Pilot Training system. This new training system, which began in FY 1994, created a separate syllabus for transport/tanker student pilots. Under this training track, T-38B aircraft, formally used for training, are being replaced with the new and less expensive T-1A Jayhawk. The T-1A Jayhawk aircraft provides the students more realistic training. These program changes and efficiencies are the primary reasons for the overall funding decrease in this area.

Significant Transfers: Between FY 1995 and FY 1996 there are two significant transfers impacting the F-15s, F-16s, and Airborne Warning and Control programs. The first

transfer moves funding support for F-15/F-16 Operational Flight Programs from Operation and Maintenance to Research, Development, Test and Evaluation. These funds support F-15/16 aircraft software block updates geared to finding engineering solutions associated with operational flight test software deficiencies. The second transfer which impacts the Airborne Warning and Control System, moves funding used to support modifications driven by service bulletins for two Boeing 707s from Operation and Maintenance to Aircraft Procurement.

AIR FORCE RESERVE

The funds requested for the Operation and Maintenance, Air Force Reserve appropriation are required to maintain and train units for immediate mobilization, and to provide administrative support for the Air Reserve Personnel Center. The FY 1996/1997 request provides for the operation and training of 67/66 flying units, 279 mission support units, 14 Air Force Reserve flying installations, and the flying and mission training of 73,969/73,160 Selected Reserve personnel. Activities supported include aircraft operations, base and depot level aircraft maintenance, facility maintenance, medical treatment, civilian pay, travel/transportation, maintenance of other equipment and base operating support.

<u>Air Force Reserve</u>	(\$ in Millions)				
	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>95-96</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
Aircraft Operations	1,005.4	1,108.9	1,103.6	1,106.3	-5.3
Mission Support Ops	39.7	37.3	35.1	35.0	-2.2
Depot Maintenance	32.2	-	-	-	-
Base Support	<u>217.3</u>	<u>260.8</u>	<u>282.2</u>	<u>294.4</u>	<u>+21.4</u>
Total	1,294.6	1,407.0	1,420.9	1,435.7	+13.9
					+14.8
					+12.2
					-0.1
					+2.7

AIR OPERATIONS

<u>Program Data</u>	<u>FY 1994 Actual</u>	<u>FY 1995 Estimate</u>	<u>FY 1996 Estimate</u>	<u>FY 1997 Estimate</u>	<u>95-96 Change</u>	<u>96-97 Change</u>
Primary Acft Auth (PAA)	432	402	368	356	-34	-12
Flying Hours (000)	150.0	145.1	143.8	142.8	-1.3	-1.0
Tac Fighter Wing Equivalents	2.08	1.58	1.00	1.00	-0.58	-
Crew Ratio (Average)						
Bombers	1.31	1.31	1.31	1.31	-	-
Fighters	1.25	1.25	1.25	1.25	-	-
Tankers	1.27	1.27	1.27	1.27	-	-
Strategic Airlift	2.00	2.00	2.00	2.00	-	-
Tactical Airlift	1.75	1.75	1.75	1.75	-	-
OPTempo (Hrs/Crew/Month)						
Bombers	8.4	17.0	17.0	17.0	-	-
Fighters	10.2	9.7	9.8	9.8	+0.1	-
Tankers	12.9	14.9	14.5	14.5	-0.4	-
Strategic Airlift	10.6	11.1	11.1	11.1	-	-
Tactical Airlift	14.2	13.2	13.2	13.2	-	-

FY 1995 to FY 1996 Changes: Air Operations reflects a total increase between FY 1995 and FY 1996 of \$13.9 million. Included in this change is a price increase of \$17.2 million and functional transfers from the active Air Force of \$10.9 million. The remaining net reduction of \$14.2 million will be explained within each activity group.

Aircraft Operations: This activity reflects a total decrease of \$5.3 million between FY 1995 and FY 1996. This reduction is composed of a net increase of \$9.1 million in price growth; functional transfers from the active Air Force of \$1.5 million for Helicopter Support for Range/Shuttle missions and \$.1 million from the investment appropriations as a result of the change in threshold from \$25 thousand to \$50 thousand for equipment items; and net program decreases of \$16.0 million. These program changes include an increase of \$4.1 million in depot level repairable funding as a result of a DoD

readiness initiative, half year impact of the two associate flying squadrons and a deployable maintenance unit at McConnell AFB, KS (\$+9.9 million), the impact of one-time increases in FY 1995 for C-130s and WC-130s (\$-12.0 million), and civilian reductions (\$-8.5 million). In addition, there is a net program reduction of \$9.5 million related to various changes in AFR force structure over the course of the fiscal year. Force structure adjustments reflect conversions from A-10s to OA-10s, F-16s to KC-135s and C-141s, KC-10 associate aircraft to KC-135s and C-141s to C-17s. These FY 1996 changes equate to a loss of 22 PAA, 1,280 flying hours and 1,054 end-strength.

Mission Support Operations: This activity reflects a total reduction between FY 1995 and FY 1996 of \$2.2 million. Included is an increase for price growth of \$0.9 million, functional transfers from the active force totaling \$0.1 million, and a civilian reduction of \$0.3 million. The remaining decrease of \$2.9 million is primarily a result of the impact of a one-time FY 1995 requirement for Nuclear Biological Chemical Warfare gear to replace items that have exceeded their shelf life. These FY 1996 changes result in a reduction of 20 end-strength.

Base Support: Base Support activities increase a total of \$21.4 million during FY 1996. This increase includes price growth of \$7.2 million, a functional transfer-in of \$9.2 million to support DFAS billing and an increase of \$2.6 million for contract conversions. Also included are civilian reductions (\$-15.2 million) and an increase of \$17.6 million for start-up costs and one-half year support for March ARB, CA. Net change in end-strength is a plus 372.

FY 1996 to FY 1997 Changes: FY 1997 reflects a total increase of \$14.8 million including price growth of \$27.9 million and net program decreases of \$13.1 million.

Aircraft operations increased a total of \$2.7 million in FY 1997. Various changes included price growth of \$18.2 million, continued civilian personnel reductions equating to \$10.4 million and a net reduction of \$-17.3 million in FY 1997 caused by changes in AFR programs as a result of the annualization of conversions that begin in FY 1996. Aircraft operations reflects a loss in FY 1997 of 294 workyears, 12 PAA and 1,033 flying hours. These decreases are partially offset by the annualized impact of two associate flying squadrons and a deployable maintenance unit at McConnell AFB, KS (\$+12.2 million) that began in FY 1996.

Mission Support operations reflect a total reduction of \$0.1 million between FY 1996 and FY 1997 to include price growth of \$0.9 million and continued personnel reductions of \$0.6 million. The remaining slight decrease of \$0.4 million is a result of a variety of one-time planned mission support purchases to support unit activities in FY 1997.

AIR OPERATIONS

Base Support activity has an overall FY 1997 increase of \$12.2 million. This includes price growth of \$8.8 million, continued personnel reductions (\$-6.7 million), the annualized impact of contract conversions (\$+3.3 million), and the annualized impact for full year support at March ARB (\$+6.8 million).

AIR NATIONAL GUARD

Air National Guard air operations provide for the flying and maintenance of Air National Guard mission related aircraft. These funds also provide for the facilities, equipment, and manpower required to train, equip, and support the Air National Guard force structure at a combat readiness level that enables it to immediately assimilate into the active Air Force and to be capable of conducting independent operations in accordance with unit taskings.

Air National Guard	FY 1994 Actual	FY 1995 Estimate	(\$ in Millions)		95-96 Change	96-97 Change
			FY 1996 Estimate	FY 1997 Estimate		
Aircraft Operations	1,658.9	2,086.2	1,977.8	2,033.5	-108.4	+55.7
Mission Support Ops	337.3	325.5	346.7	342.4	+21.2	-4.3
Depot Maintenance	340.9	22.8	18.4	21.3	-4.4	+2.9
Base Support	318.5	330.2	361.2	368.0	+31.0	+6.8
Total	2,655.6	2,764.7	2,704.1	2,765.2	-60.6	+61.1

Program Data

Inventory (PAA)	1,294	1,234	1,094	1,083	-140	-11
Flying Hours (000)	412.0	387.0	355.0	353.0	-32.0	-2.0
Tac Fighter Wing Equivalents	6.87	6.29	6.00	6.00	-.29	-

AIR OPERATIONS

Crew Ratio (Average)	FY 1994 Actual	FY 1995 Estimate	FY 1996 Estimate	FY 1997 Estimate	95-96 Change	96-97 Change
Bombers	1.50	1.50	1.50	1.50	-	-
Fighters	1.31	1.35	1.35	1.35	-	-
Tankers	1.39	1.39	1.39	1.39	-	-
Strategic Airlift	2.00	2.00	2.00	2.00	-	-
Tactical Airlift	1.63	1.75	1.75	1.75	-	-
OPTempo (Hrs/Crew/Month)						
Bombers	-	15.6	15.6	15.6	-	-
Fighters	9.7	10.9	10.9	10.9	-	-
Tankers	12.4	14.3	14.3	14.3	-	-
Strategic Airlift	10.8	11.9	11.9	11.9	-	-
Tactical Airlift	17.8	14.5	14.2	14.2	-0.3	-

FY 1995 to FY 1996 Changes: Air Operations reflects a total decrease between FY 1995 and FY 1996 of \$60.6 million. Included in this change are price reductions (\$-3.5 million), functional transfers from the active Air Force (\$+21.4 million), the annualization of FY 1995 program transfers (\$+6.5 million), an increase for FY 1996 civilian personnel transition benefits (\$+19.9 million), and numerous adjustments to Air National Guard programs. Explanation of changes within activity groups follows.

Aircraft Operations: This activity reflects a total decrease of \$108.4 million between FY 1995 and FY 1996 to include a decrease for price growth of \$12.8 million. FY 1996 also includes increases for functional transfers from the active Air Force (\$+11.2 million), civilian personnel transition benefits (\$+12.4 million), and growth related to the FY 1995 offsetting program decrease for the civilian locality pay raise increase (\$+4.0 million). Other changes during the fiscal year include an increase in depot level repairable funding due to a DoD readiness initiative (\$+16.0 million), civilian reductions (\$-7.1 million) and the first year of implementing two level maintenance manpower savings (\$-4.6 million), reduced depot maintenance requirements caused primarily by a declining inventory and workload that was accomplished during FY 1995 (\$-29.9 million), and a net program reduction related to various changes in ANG force structure (\$-97.6 million). These force structure adjustments include the

conversion to F-16 general purpose forces from F-16 air defense and F-16 training aircraft, one additional F-15 air defense unit added by eliminating an F-16 air defense unit, conversion to the second ANG B-1 bomber unit from F-15 tactical fighters, the activation of an A-10 tactical fighter unit and the annualization of FY 1995 A-10 changes, and the addition of two C-130 units by converting RF-4C tactical reconnaissance and F-4G wild weasel units. Reductions also occur in OA-10 and operational support aircraft due to unit reconfiguration and decreased inventory. As a result of FY 1996 changes, the ANG will lose 1,415 civilian positions, 140 PAA, and 32,119 flying hours in the aircraft operations activity.

Mission Support Operations: Total increases between FY 1995 and FY 1996 are \$21.2 million. Included in this increase is price growth (\$+0.5 million), functional transfers from the active Air Force (\$+10.2 million), civilian personnel transition benefit requirements (\$+7.5 million), and growth related to the FY 1995 unfunded civilian pay raise costs (\$+0.7 million). Mission support program increases support air traffic control requirements at ANG contracted locations (\$+8.9 million) and the activation of two mobile aerial port units (\$+0.3 million) partially offset by civilian reductions (\$-5.4 million) and field operating agency (FOA) reductions (\$-1.5 million).

Depot Maintenance: The depot maintenance decrease of \$4.4 million is due to price reductions (\$-0.6 million), and a reduction reflecting maintenance performed during FY 1995 on heavy vehicles not required in FY 1996, and reduced maintenance requirements for communications electronic equipment (\$-4.4 million). These reductions are partially offset by an increase in exchangeable item requirements because items formerly paid by Air Force Materiel Command will now be charged to the Air National Guard (\$+0.6 million).

Base Support: Base support activities increase by \$31.0 million during FY 1996. This increase includes price growth (\$+9.3 million), additional base operations support (\$+13.9 million), real property maintenance (\$+4.1 million), environmental compliance (\$+0.8 million), pollution prevention (\$+0.8 million), and environmental conservation (\$+0.4 million). Other FY 1996 changes include a readiness initiative increase for quality of life (\$+4.5 million), a small growth for converting civilian functions to contract (\$+0.5 million) and a civilian manpower reduction (\$-3.3 million). Base operation support growth is attributed to the second B-1B unit conversion and the assumption of responsibilities at Griffiss airfield. The real property maintenance increase finances workarounds at the converting B-1 location until Military Construction funding becomes available, and the environmental funding increases support changes for internal audits and requirements for the management of air, water, and hazardous waste programs.

FY 1997 Program:

FY 1997 air operations activity reflects a total increase of \$61.1 million. Included in this increase is price growth (\$+79.1 million), the annualization of FY 1996 functional transfers from the Air Force (\$+2.8 million), and a reduction in civilian personnel transition requirements (\$-9.1 million). Funding is also adjusted for various FY 1997 programmatic changes. FY 1997 explanation of changes within each activity group follows:

Aircraft operations increase by \$55.7 million in FY 1997. Various changes included price growth (\$+57.5 million), aircraft and engine maintenance increases (\$+41.8 million), continued civilian personnel reductions (\$-12.8 million) and two level maintenance savings (\$-4.9 million), reduced civilian transition benefits (\$-2.1 million), and a net reduction in FY 1997 caused by changes in ANG programs (\$-23.9 million). Program changes include the annualization of FY 1996 conversions to the second ANG B-1B unit, four F-16 general purpose forces units, two C-130 units, one F-15 air defense unit, and the activation of an A-10 unit. The increase in aircraft and engine maintenance requirements is primarily attributed to the start of an extensive program to rewire Air National Guard KC-135 aircraft. Aircraft operations reflects a loss in FY 1997 of 399 civilian end strength, 11 PAA, and 1,457 flying hours from the FY 1996 budget request.

Mission support operations reflect a reduction of \$4.3 million between FY 1996 and FY 1997. This change includes price growth (\$+10.5 million), the annualization of FY 1996 program transfers from the Air Force (\$+2.8 million), reduced civilian transition benefit requirements (\$-7.1 million), and further manpower decreases (\$-4.6 million). FY 1997 mission support programs are reduced by \$6.0 million and are mainly related to the deactivation of tactical air control units, and decreased communications equipment and civil engineering supply requirements.

Base support activities have an overall FY 1997 increase of \$6.8 million. This includes price growth (\$+10.6 million), a personnel reduction (\$-1.1 million), and a net reduction in base support programs (\$-2.7 million). Program increases include base operation support growth at the new ANG B-1 unit and Griffiss airfield (\$+2.4 million), and additional funding for converting civilian functions to contract operations (\$+1.5 million). Program reductions are caused by decreased real property maintenance requirements as workarounds for the B-1 unit conversion will have been accomplished in FY 1996 (\$-5.7 million), and an environmental compliance reduction attributed to efficiencies gained from the establishment of pollution programs in previous fiscal years (\$-0.8 million).

Depot maintenance activities reflect a total increase of \$2.9 million in FY 1997. Growth is attributable to increased price changes (\$+0.5 million), and additional area base support funding that will support the local manufacture of rewire bundles required to

AIR OPERATIONS

continue Phase II of the rewiring program on Air National Guard KC-135 aircraft (\$+2.3 million).

US SPECIAL OPERATIONS COMMAND

The funds requested for USSOCOM are required to support the manpower authorizations, peculiar and support equipment, flying hours, aircraft, necessary facilities, and the associated costs specifically identified and measurable to initial qualification and training of aircrews for Special Operations Forces (SOF) aviation operations and tactics.

USSOCOM	(\$ in Millions)				
	FY 1994 Actual	FY 1995 Estimate	FY 1996 Estimate	FY 1997 Estimate	95-96 Change 96-97 Change
SOF Operations	295.8	325.2	323.3	328.8	-1.9 +5.5
<u>Program Data</u>					
Inventory (PAA)					
AFSOC*	128	127	130	130	+3
USASOC**	167	141	126	124	-15
Flying Hours (000)					
AFSOC*	60	59	60	60	+1
USASOC**	33	35	34	34	-1
Crew Ratio (Avg)					
AFSOC*	1.6	1.6	1.6	1.6	-
USASOC**	1.0	1.0	1.1	1.2	+0.1 +0.1
OPTempo (Hrs/Crew/Month)					
AFSOC*	22.1	21.4	21.8	21.8	+0.4
USASOC**	19.5	17.5	18.4	17.5	+0.9 -0.9
Primary Mission Readiness (PMR) (%)	71	72	73	73	+1

* Air Force Special Operations Command (AFSOC)

** U.S. Army Special Operations Command (USASOC)

AIR OPERATIONS

Major Changes: There are no major program changes for fiscal years 1996 or 1997. Funding decreases are primarily due to changes in fuel costs and reduced maintenance costs associated with the Contract Logistic Support (CLS) contract.

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Major Changes: There are no major program changes for fiscal years 1996 or 1997. Funding decreases are primarily due to changes in fuel costs and reduced maintenance costs associated with the Contract Logistic Support (CLS) contract.

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BASE OPERATIONS SUPPORT (BOS)

(\$ in Millions)

	FY 1994 Actual	FY 1995 Estimate	FY 1996 Estimate	FY 1997 Estimate	95-96 Change	96-97 Change
Army	4,265.0	4,106.0	4,435.0	4,477.0	+329.0	+42.0
Navy	2,969.0	2,769.0	2,746.0	2,787.0	-23.0	+41.0
Marine Corps	499.3	495.6	547.7	555.1	+52.1	+7.4
Air Force	4,141.2	2,851.2	2,857.4	2,910.4	+6.2	+53.0
Defense Health Program	457.7	481.7	490.6	499.8	+8.9	+9.2
Army Reserve	112.1	161.4	166.1	170.0	+4.7	+3.9
Navy Reserve	158.7	176.8	177.1	184.5	+0.3	+7.4
Marine Corps Reserve	20.9	14.7	19.9	21.0	+5.2	+1.1
Air Force Reserve	148.5	164.1	176.7	187.2	+12.6	+10.5
Army National Guard	79.0	74.0	72.8	70.5	-1.2	-2.3
Air National Guard	225.5	215.2	237.1	246.9	+21.9	+9.8
Total	13,076.9	11,509.7	11,926.4	12,109.4	+416.7	+183.0

Base operations support is required to sustain mission capability, quality of life, and workforce productivity. Funding in this aggregation provides for the following major categories of Defense activities:

Administrative Services: This category includes installation command administration, military and civilian manpower management, financial services, automatic data processing services, printing and reproduction services, and legal services.

Specific Mission Support Services: These activities include installation supply operations, organizational and intermediate equipment maintenance for other than combat equipment, security, and communications.

Community Support Services: These services include bands; bachelor housing operations and furnishings; chaplain services; child care and family support programs, as well as morale, welfare, and recreation activities.

Facility Engineering Services: Included in this category are operation and purchase of utilities, fire protection and prevention, refuse collection and disposal, and snow and ice removal.

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BASE OPERATIONS SUPPORT



BASE OPERATIONS SUPPORT (BOS)

Active Forces Overseas: The Army plans to close the Bad Kissengin Community in FY 1995 and the Frankfurt, Karlsruhe, and Nuremberg communities in FY 1996. The Navy will close the Naval Facility Argentina Newfoundland in FY 1995, Naval Air Station Agana and Naval Air Station Bermuda in FY 1996, and Naval Supply Facility in Antigua in FY 1997. The Air Force will convert the Sembach, Germany facility to an annex in FY 1995.

	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>95-96</u>	<u>96-97</u>
<u>Personnel (End Strength)</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>
Military	121,324	119,190	114,039	108,589	-5,151	-5,450
Civilian	113,689	111,471	106,764	102,004	-4,707	-4,760

The military end strength supporting BOS continues to decline in FY 1996 and FY 1997 commensurate with the force structure actions initiated by the Military Departments and the conversion of Army and Air Force military personnel to civilian end strength. Despite the conversion, the overall civilian end strength also decreases as the Department continues to downsize the infrastructure.

BASE OPERATIONS SUPPORT (BOS)

<u>Army</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>95-96</u>	<u>96-97</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>
<u>Number of Installations</u>						
<u>Active Forces</u>						
CONUS	68	66	65	65	-1	-
Overseas	126	125	122	122	-3	-
<u>Personnel (Active End Strength)</u>						
Military	18,117	14,740	14,045	13,484	-695	-561
Civilian	50,057	49,259	45,229	42,683	-4,030	-2,546

The FY 1996 increase (\$329.0 million) includes price growth of \$84.9 million, a foreign currency adjustment of \$51.3 million, transfers out of \$26.7 million and program growth of \$219.5 million. Transfers include \$35.3 million to Total Army Personnel Command for civilian personnel regionalization; \$1.9 million transfer from the Defense Commissary Agency for base support costs that are to be provided on a non-reimbursable basis, and \$7.7 million from the investment accounts to implement the expense/investment policy change. Program growth includes \$25.2 million for environmental compliance and Pollution Prevention Achievement Programs and \$53.0 million for modernization of command, control, communication and computer infrastructure at power projection bases. The FY 1996 estimate also includes growth for various quality of life programs including Morale, Welfare, and Recreation and Child Care programs as well as for one more compensable payday and minor base support functions.

The FY 1997 program reflects an increase of \$42.0 million including price growth of \$125 million and program decreases of \$83 million. The program decreases reflect the downsizing of civilian end strength, economies and efficiencies, completion of projects for solid waste management and air emission inventories, increased host nation support, and completion of the modernization project for power projection bases.

BASE OPERATIONS SUPPORT (BOS)

Navy

Number of Installations

Active Forces

CONUS

Overseas

Personnel (Active End Strength)

Military

Civilian

FY 1994 <u>Actual</u>	FY 1995 <u>Estimate</u>	FY 1996 <u>Estimate</u>	FY 1997 <u>Estimate</u>	95-96 <u>Change</u>	96-97 <u>Change</u>
115	110	101	98	-9	-3
28	27	25	24	-2	-1
33,050	28,418	27,392	23,075	-1,026	-4,317
25,163	23,853	22,672	21,440	-1,181	-1,232

The FY 1996 Navy estimate includes \$46.0 million in price growth offset by a \$69.0 million decrease in program growth. The FY 1996 increases for environmental programs are offset by decreases for base closures. FY 1997 includes price growth of \$69.7 million and program decreases of \$28.6 million. Environmental program and quality of life increases of \$26.0 million and \$10.5 million respectively are offset by reductions because of base closures and downsizing.

Marine Corps

Number of Installations

Active Forces

CONUS

Overseas

Personnel (Active End Strength)

Military

Civilian

20	20	20	20	-	-
3	3	3	3	-	-
12,460	12,412	11,935	11,914	-477	-21
7,836	7,920	8,354	8,488	+434	+134

The Marine Corps' request for FY 1996 includes \$11.0 million for price growth and \$41.1 million for program increases for morale, welfare and recreation activities and for purchase of personnel support equipment. The FY 1997 increase is for price growth only.

BASE OPERATIONS SUPPORT (BOS)

<u>Air Force</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>95-96</u>	<u>96-97</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>
<u>Number of Installations</u>						
<u>Active Forces</u>						
CONUS	71	67	65	65	-2	-
Overseas	14	13	13	13	-	-
<u>Personnel (Active End Strength)</u>						
Military	57,697	63,620	60,667	60,116	-2,953	-551
Civilian	30,633	30,439	30,509	29,393	+70	-1,116

The FY 1995 decrease is primarily the result of the transfer of the Air Mobility Command out of the Defense Business Operations Fund (DBOF) (military personnel funding is transferred back to the Military Personnel accounts).

The Air Force's FY 1996 request includes \$78.4 million in price growth, \$1.7 million in transfers out, and \$70.5 million in program decreases because of reduced requirements as a result of the downsizing taking place between FY 1994 and FY 1996. Transfers include conversions from military to civilian personnel and the conversion of base support at Lajes, Portugal from contracted out to in-house (funds are transferred to Military Personnel to finance personnel costs). In addition, funds were transferred from the procurement accounts to reflect the change in the criteria for the purchase of equipment and reimbursement to Defense Finance and Accounting Service (DFAS) was transferred to the Reserve and RDT&E accounts.

The FY 1997 request for Air Force base operations reflects price growth of \$99.6 million offset by program decreases of \$46.6 million as a result of previous base closures.

Increases in the Air Force Guard account reflect the assumption of responsibility for Griffiss airfield and the second B-1B unit conversion. Increases for the Air Force Reserve reflect the assumption of responsibility for March AFB, CA during FY 1996 and increased environmental workloads.

BASE OPERATIONS SUPPORT (BOS)

Defense Health Program

The Defense Health Program (DHP) maintains responsibility for eight medical installations. DHP is primarily a tenant on larger Service installations and reimburses the Services for the base support received. Increases in FY 1996 and FY 1997 reflect price growth partially offset by reductions for declines in population supported due to downsizing.

COMMAND, CONTROL, AND COMMUNICATIONS (C³)

	FY 1994 Actual	FY 1995 Estimate	(\$ in Millions)		95-96 Change	96-97 Change
			FY 1996 Estimate	FY 1997 Estimate		
Army	607.3	602.6	646.1	556.9	+43.5	-89.2
Navy	250.1	196.2	251.2	247.1	+55.0	-4.1
Marine Corps	32.0	32.0	30.6	31.6	-1.4	+1.0
Air Force	608.0	582.1	559.2	540.1	-22.9	-19.1
Defense-Wide	338.6	337.1	340.5	342.0	+3.4	+1.5
Army Reserve	21.7	26.7	31.8	37.0	+5.1	+5.2
Navy Reserve	12.6	12.8	13.8	14.2	+1.0	+4
Marine Corps Res	2.1	1.3	1.6	1.6	+3	-
Air Force Reserve	18.1	20.0	24.3	24.7	+4.3	+4
Army Nat Guard	38.3	30.6	31.5	32.0	+0.9	+0.5
Air Nat Guard	21.8	17.0	17.6	18.0	+6	+4
Defense Health Program	40.7	39.9	40.5	42.2	+6	+1.7
Court of Military Appeals						
	<u>.2</u>	<u>.2</u>	<u>.2</u>	<u>.2</u>	-	-
Total	1,991.5	1,898.5	1,988.9	1,887.6	+90.4	-101.3

This category includes telecommunication and base communications funding as identified within the subsections of WWMCCS/Data Automation, Defense Communication System, Base Communications, Management, and Information Systems Security/Other. Telecommunication efforts within these categories include the cost of message center operations, operation of equipment associated with sending and receiving such transmissions, and leasing circuits or services necessary for transmissions. Also, included are the latest technologies to integrate fully the requirements for command and control with telecommunications in a computer environment. The necessity for rapid response associated with military operations makes this automated integration essential.

COMMAND, CONTROL, AND COMMUNICATIONS (C3)

	FY 1994 Actual	FY 1995 Estimate	FY 1996 Estimate	(\$ in Millions)		95-96 Change	96-97 Change
WWMCCS/Data Automation	182.7	178.1	191.3	164.1		+13.2	-27.2
Defense Comm System	917.4	868.2	862.5	840.6		-5.7	-21.9
Base Communications	702.5	663.0	738.8	687.2		+75.8	-51.6
Management	128.4	118.7	114.5	115.1		-4.2	+0.6
Info Systems Security	60.5	70.5	81.8	80.6		+11.3	-1.2
Total	1,991.5	1,898.5	1,988.9	1,887.6		+90.4	-101.3

WWMCCS/Data Automation: The Worldwide Military Command and Control System (WWMCCS) is comprised of personnel, equipment, communications facilities, and procedures employed in planning, directing, coordinating, and controlling the operational activities of U.S. military forces. WWMCCS efforts include the maintenance and technical support of systems worldwide. The FY 1996 net increase is attributed primarily to one-time support costs to enhance Global Command and Control, while the FY 1997 net decrease reflects the completion of this data automation one-time support requirement.

Defense Communication System: The Defense Communication System (DCS) is a combination of DoD owned and leased telecommunications networks and subsystems comprised of equipment, services, personnel, and facilities under the management control and operational direction of the Defense Information Systems Agency (DISA). Services provided by DCS include common user, special purpose (dedicated or point-to-point), and long haul telecommunications needed to satisfy the requirements of DoD and certain government agencies. The FY 1996 net decrease reflects savings for circuit bundling and the FY 1997 net decrease reflects lower costs for spare parts and equipment.

Base Communications: Base communications include the administration of communication functions, the operation and maintenance of rapid communication systems, administrative telephones, telephone distribution systems, communication lines, wire equipment, toll calls, operation of message centers, and the Defense Data Network (DDN). The FY 1996 net increase is attributed primarily to a one-time modernization effort for the power projection, command, control, communications, and computer infrastructure (P2C4I) at various installations, while the FY 1997 net decrease reflects completion of the major part of the (P2C4I) modernization.

COMMAND, CONTROL, AND COMMUNICATIONS (C3)

Management: Each of the Services and DISA have management organizations which are devoted to the C3 function. Resources required to support these management functions are included here. The FY 1996 net decrease is attributed primarily to force structure reductions, while the FY 1997 net increase is attributed to price growth.

Information Systems Security: Information Systems Security combines both Communications Security and Computer Security into one element which includes measures and controls to protect an information system against denial of service and unauthorized (accidental or intentional) disclosure, modification, or destruction of the information system or data. The FY 1996 net increase reflects a functional realignment to respond to the House Permanent Select Committee on Intelligence (HPSCI) request for full funding visibility for systems security. The FY 1997 net decrease is the result of savings attributed to equipment modernization.

DEPOT MAINTENANCE

	FY 1994 Actual	FY 1995 Estimate	(\$ in Millions)		95-96 Change	96-97 Change
			FY 1996 Estimate	FY 1997 Estimate		
Army	695.4	1,156.4	861.4	861.5	-295.0	+0.1
Navy	2,710.5	3,671.9	3,307.8	3,067.1	-364.1	-240.7
Marine Corps	53.0	178.0	156.0	141.0	-22.0	-15.0
Air Force	1,209.5	1,388.7	1,387.1	1,434.2	-1.6	+47.1
Subtotal Active	4,668.4	6,395.0	5,712.3	5,503.8	-682.7	-208.5
Army Reserve	42.1	90.1	57.6	49.8	-32.5	-7.8
Navy Reserve	98.9	153.9	125.9	144.9	-28.0	+19.0
Marine Corps Reserve	1.8	2.8	2.3	2.5	-0.5	+0.2
Air Force Reserve	125.2	200.7	184.2	204.5	-16.5	+20.3
Army National Guard	108.4	113.6	100.7	116.1	-12.9	+15.4
Air National Guard	322.0	341.4	309.6	358.1	-31.8	+48.5
Subtotal Reserve/Guard	698.4	902.5	780.3	875.9	-122.2	+95.6
Grand Total	5,366.8	7,297.5	6,492.6	6,379.7	-804.9	-112.9

Depot maintenance programs fund the overhaul, repair, and maintenance of aircraft, missiles, ships, submarines, combat vehicles and other equipment. Depot maintenance efforts are performed at both public (DoD) and private (contractor) facilities. These efforts provide maintenance necessary to sustain the operational readiness of combat forces, to better ensure the safe and efficient operation of weapon systems, and to renovate assets that are being transferred from active forces to reserve components.

Depot maintenance programs decrease \$804.9 million from FY 1995 to FY 1996. This decrease is comprised of price decreases of \$284.7 million and program decreases of \$520.2 million. Lower FY 1996 DBOF rates in almost all business areas created the negative price change from FY 1995 to FY 1996. Approximately two thirds of the program decrease resulted from changes in the Navy program, primarily a decrease in ship depot maintenance requirements. Army depot maintenance also shows a programmatic decline from

DEPOT MAINTENANCE

FY 1995 to FY 1996. Other Services show minor program decreases offset by program increases in the Air Force and Army National Guard.

From FY 1996 to FY 1997, depot maintenance decreases \$112.9 million. This net decrease is comprised of price increases of \$295.0 million and program decreases of \$407.9 million. The Navy shows the most significant program decreases followed by minor program decreases in the Army. These program decreases are offset by increases in the Air Force programs.

The table on the following page displays funded and financial backlog for depot maintenance. As shown, over 78 percent of the program was funded in FY 1994. Funding as a percent of the total program increases to 88 percent in FY 1995 and then declines to 83 percent and 81 percent in FY 1996/FY 1997 respectively. Although the percent of the program funded in FY 1996 and FY 1997 is less than that in FY 1995, it should be noted that estimates of the backlog usually decline from the budget submission through the year of execution. For example, last year FY 1995 financial backlog was estimated at \$2.0 billion, after adjusting for Navy's aircraft manageable backlog. This year the FY 1995 financial backlog is estimated at \$1.0 billion, a decrease of 50 percent. This is due to several factors: maintenance is accomplished at other than depot level, a larger percent of the inventory than projected passes periodic inspection and does not require depot maintenance, and force structure changes subsequent to the budget submission may reduce depot maintenance requirements.

DEPOT MAINTENANCE

		(\$ in Millions)			
		FY 1994	FY 1995	FY 1996	FY 1997
		<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>
		Funded Financial	Funded Financial	Funded Financial	Funded Financial
		<u>Program Backlog</u>	<u>Program Backlog</u>	<u>Program Backlog</u>	<u>Program Backlog</u>
<u>Army</u>		845.9	1,360.1	1,019.7	1,027.4
Aircraft		290.5	423.4	335.4	364.5
Combat Vehicle		206.4	387.7	226.4	230.1
Other		349.0	549.0	457.9	432.8
					639.5
					145.1
					178.7
					315.7
<u>Navy</u>		2,809.4	3,825.8	3,433.7	3,212.0
Ship 1/		1,756.0	2,438.5	2,332.1	2,065.1
Aircraft 2/		540.9	771.7	538.9	40.4
Other		512.5	615.6	562.7	432.8
					547.5
					89.7
					435.8
<u>Marine Corps</u>		54.8	180.8	158.3	143.5
Combat Vehicle		11.8	60.9	79.4	70.0
Other		43.0	119.9	78.9	73.5
					86.4
<u>Air Force</u>		1,656.7	1,930.8	1,880.9	1,996.8
Aircraft		1,167.0	1,333.3	1,298.0	1,394.6
Other		489.7	597.5	582.9	602.2
					118.7
<u>Total</u>		5,366.8	7,297.5	6,492.6	6,379.7
Ship		1,756.0	2,438.5	2,332.1	2,065.1
Aircraft		1,998.4	2,528.4	2,172.3	2,358.5
Combat Vehicle		218.2	448.6	305.8	300.1
Other		1,394.2	1,882.0	1,682.4	1,656.0
					956.6

DEPOT MAINTENANCE

1/ The Navy has funded overall ship depot maintenance at 93 percent of requirements in FY 1996 and FY 1997. Only unfunded overhauls are counted toward the financial backlog. Other types of unfunded ship depot maintenance are not included in the financial backlog because the maintenance will be deferred to the next scheduled depot maintenance availability or will be accomplished through other means, e.g. at the intermediate maintenance level or by the ship's force, if the capability exists at these lower levels of maintenance, or as an emergent repair at the depot level.

2/ The Navy historically maintains a manageable backlog of 100 airframes and 250 engines. This table does not include the cost of this manageable backlog as part of the financial backlog. The manageable backlog is a valid requirement and represents those assets that have been identified for depot maintenance but have not yet been inducted into the depot. Navy policy permits a 90 day window between the time an asset has been identified for depot work and the time it enters the depot. Because the manageable backlog is a factor of this timing flexibility more than a direct result of funding constraints, the cost of the manageable backlog is not included as part of the financial backlog. The value of this manageable backlog in FY 1994 through FY 1997 is \$121.9/\$162.8/\$140.3/\$183.3 million respectively.

ENVIRONMENTAL PROGRAMS

(\$ in Millions)

All DoD Appropriations	FY 1994 Actual	FY 1995 Estimate	FY 1996 Estimate	FY 1997 Estimate	95-96 Change	96-97 Change
Environ Restoration	1,965.0	1,781.5	1,622.2	1,622.2	-159.3	-
Environ Compliance	1,976.6	2,105.2	2,209.2	2,100.3	+104.0	-108.9
Environ Conservation	98.6	126.9	145.0	140.2	+18.1	-4.8
Pollution Prevention	337.5	383.6	335.5	321.0	-48.1	-14.5
Environ Technology	410.0	283.9	218.4	245.2	-65.5	+26.8
BRAC	522.2	518.3	457.1	356.1	-61.2	-101.0
Total Environ Prog	5,309.9	5,199.4	4,987.4	4,785.0	-212.0	-202.4

The Department's environmental budget includes resources in the Environmental Restoration, Defense (ER,D) appropriation; various Service and Defense Agency appropriations; and the Base Realignment and Closure accounts. ER,D funds are used for remediating past contamination on current and former DoD installations. Compliance resources are required for ongoing environmental activities such as permitting, licensing, and actions necessary to maintain DoD operations for mission support. Conservation investments reflect DoD's look to the future to protect our natural and cultural resources. Pollution Prevention funds activities designed to prevent or reduce pollution at the source. Investment in environmental technology supports the Department by matching technology developments with high payback to DoD environmental needs. Base Realignment and Closure accounts finance both environmental restoration and compliance programs for bases to be closed. Each of these program areas is addressed below.

Environmental Restoration

The Environmental Restoration, Defense (ER,D) appropriation provides for the identification, investigation, and cleanup of past contamination from hazardous substances and wastes; correction of other environmental damage; detection of unexploded ordnances; and demolition and removal of unsafe buildings, structures, and debris.

In FY 1984, the Congress established the ER,D appropriation to provide increased emphasis and visibility of expanded environmental restoration efforts on both active installations and formerly-used lands. In FY 1986, the Congress provided the Department with the authority to transfer funds from the central ER,D appropriation to the various Defense appropriations to finance environmental restoration efforts. In FY 1995 the Congress appropriated to the ER,D account \$1,780.2 million. This amount was increased by

ENVIRONMENTAL PROGRAMS

\$1.3 million from prior year recoveries of obligations for a total FY 1995 funding level of \$1,781.5 million.

The FY 1996 budget request reduces the funding levels for environmental restoration to \$1,622.2 million, a reduction of \$159.3 million from the FY 1995 amount. In addition, the FY 1996 request incorporates a relative risk approach to environmental cleanup. This process will enable the Department to prioritize cleanup activities that propose the greatest danger to the health and safety of the environment and public in the context of regulatory agreements.

The following chart identifies actual FY 1994 transfers from the ER,D account to the applicable Defense appropriations, the planned FY 1995 transfers, and the funding budgeted for transfer in FY 1996 and FY 1997. (Although shown here as part of Environmental Restoration, Defense, the FY 1996/FY 1997 President's budget reflects the FY 1994 actual costs in the applicable Defense appropriation, but includes the FY 1995, FY 1996, and FY 1997 amounts in the ER,D account.)

Environmental Restoration, Defense (\$ in Millions)

	<u>FY 1994</u> <u>Actual</u>	<u>FY 1995</u> <u>Estimate</u>	<u>FY 1996</u> <u>Estimate</u>	<u>FY 1997</u> <u>Estimate</u>
<u>TOTAL ENVIRONMENTAL RESTORATION, DEFENSE</u>	<u>1,965.0</u>	<u>1,781.5</u>	<u>1,622.2</u>	<u>1,622.2</u>
Army	627.6	473.4	447.3	438.4
Navy	407.7	471.2	421.4	340.6
Air Force	513.3	437.5	435.7	519.2
Formerly Used Defense Sites	332.7	329.8	252.0	254.8
Defense-Wide	83.7	69.6	65.8	69.2
 <u>INVESTIGATIONS AND ANALYSES</u>				
Army	793.1	464.5	283.9	225.1
Navy	252.4	137.4	81.9	52.9
Air Force	145.6	124.9	83.2	65.1
Formerly Used Defense Sites	262.9	105.7	70.2	50.6
Defense-Wide	112.3	89.8	40.5	51.2
	19.9	6.7	8.1	5.3
 <u>CLEANUP</u>				
Army	933.6	1,089.3	1,120.4	1,182.8
Navy	310.5	282.0	320.5	341.6
Air Force	217.2	301.3	291.6	238.1
Formerly Used Defense Sites	179.0	259.0	294.0	389.3
Defense-Wide	201.9	219.8	194.1	185.8
	25.0	27.2	20.2	28.0

ENVIRONMENTAL PROGRAMS

Environmental Restoration cont.

<u>PROGRAM OVERSIGHT</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>
Army	238.3	227.7	217.9	214.3
Navy	64.7	54.0	44.9	43.9
Air Force	44.8	45.1	46.6	37.5
Formerly Used Defense Sites	71.4	72.7	71.4	79.3
Defense-Wide	18.5	20.2	17.5	17.7
	38.9	35.7	37.5	35.9

Environmental Compliance

The FY 1996/1997 compliance program, funded in the Component appropriations, includes sufficient resources to enable the Department to comply with increasing requirements attributed to accelerated state enforcement and the enactment of additional laws by state and local governments regulating environmental effects from day-to-day operations. Environmental compliance projects include waste water treatment plants to comply with Clean Water Act standards, hazardous waste management for testing and remediation of underground storage tanks, and monitoring ground water quality. The table below displays amounts budgeted by DoD Component for environmental compliance.

	<u>Environmental Compliance</u> (\$ in Millions)			
	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>
<u>TOTAL ENVIRONMENTAL COMPLIANCE</u>	1,976.6	2,105.2	2,209.2	2,100.3
<u>ARMY</u>	497.8	603.3	647.8	573.6
Operation & Maintenance, Army	300.3	396.7	415.3	375.6
Operation & Maintenance, Army Reserve	27.1	39.6	35.8	33.4
Operation & Maintenance, Army National Guard	38.8	47.8	49.1	50.5
Research, Development, Test & Evaluation, Army	44.7	47.8	66.1	48.9
Reserve Personnel, Army	.1	1.2	1.3	1.2
Procurement of Ammunition, Army	7.2	8.0	10.1	14.1
Weapons & Tracked Combat Vehicles, Army	10.9	5.0	2.3	3.0
Military Construction, Army	12.0	6.4	21.2	-
Defense Business Operations Fund	38.5	41.1	38.7	41.1
Family Housing, Army	18.2	9.7	7.9	5.8

ENVIRONMENTAL PROGRAMS

Environmental Compliance cont.

<u>NAVY</u>				
Operation & Maintenance, Navy Reserve	645.0	686.0	782.2	767.8
Operation & Maintenance, Navy Reserve	271.1	318.6	385.6	363.0
Research, Development, Test & Evaluation, Navy	5.7	4.4	8.9	8.8
Other Procurement, Navy	2.7	2.9	5.5	4.2
Military Construction, Navy	25.7	71.1	108.9	183.1
Military Construction, Navy	137.1	83.4	115.3	65.5
Defense Business Operations Fund	202.7	205.6	158.0	143.2
<u>MARINE CORPS</u>				
Operation & Maintenance, Marine Corps	72.4	83.6	134.9	138.6
Operation & Maintenance, Marine Corps Reserve	67.4	78.6	129.7	133.2
Procurement, Marine Corps	3.0	2.8	2.9	2.9
	2.0	2.2	2.3	2.5
<u>AIR FORCE</u>				
Operation & Maintenance, Air Force	643.2	625.9	527.7	510.8
Operation & Maintenance, Air Force Reserve	295.5	307.9	283.6	276.0
Operation & Maintenance, Air National Guard	11.2	18.4	12.3	12.8
Aircraft Procurement, Air Force	16.6	17.0	17.9	17.7
Missile Procurement, Air Force	17.0	29.6	19.8	18.5
RDT&E, Air Force	-	-	5.1	5.2
Military Personnel, Air Force	39.4	42.4	26.4	26.2
Military Personnel, Air Force National Guard	25.1	18.8	28.3	28.0
Military Construction, Air Force	-	.7	.9	.9
Military Construction, Air Force Reserve	143.5	105.3	68.0	58.4
Military Construction, Air National Guard	1.8	7.0	5.1	6.6
Defense Business Operations Fund	63.2	55.3	17.0	14.0
Family Housing Construction, Air Force	-	-	16.6	16.6
Family Housing Operations, Air Force	4.4	8.5	11.7	14.9
	25.5	15.0	15.0	15.0
<u>DEFENSE-WIDE</u>				
Operation & Maintenance, Defense-Wide	118.2	106.4	116.6	109.5
Procurement, Defense-Wide	37.0	26.1	27.4	23.7
RDT&E, Defense-Wide	.4	.4	.2	.1
Transaction Fund	2.6	1.7	3.0	3.0
Defense Business Operations Fund	-	2.9	9.4	9.7
	78.2	75.3	76.6	73.0

ENVIRONMENTAL PROGRAMS

Environmental Conservation

The Department of Defense is the steward of over 25 million acres of public lands. DoD has a responsibility to protect, maintain, and enhance the natural and cultural resources found on them. Through the conservation program, biological and cultural resources are managed to support the military mission. Additionally, conservation activities are required by law (e.g. Endangered Species Act and National Historic Preservation Act), and must be funded. Failure to fund such activities could result in decreased training effectiveness or disruption of the military mission. The table below displays amounts budgeted by DoD component for the environmental conservation program.

	<u>Environmental Conservation</u> (\$ in Millions)			
	<u>FY 1994</u> <u>Actual</u>	<u>FY 1995</u> <u>Estimate</u>	<u>FY 1996</u> <u>Estimate</u>	<u>FY 1997</u> <u>Estimate</u>
<u>TOTAL ENVIRONMENTAL CONSERVATION</u>	98.6	126.9	145.0	140.2
<u>ARMY</u>				
Operation & Maintenance, Army Reserve	38.7	49.5	65.3	58.7
Operation & Maintenance, Army	<u>31.8</u>	<u>44.1</u>	<u>57.1</u>	<u>50.9</u>
Operation & Maintenance, Army Nat Guard	1.1	.7	.7	.7
RDT&E, Army	4.5	2.8	4.6	4.7
Family Housing, Army	.9	1.6	2.5	1.6
Defense Business Operations Fund	-	.2	.3	.7
	.4	.1	.1	.1
<u>NAVY</u>				
Operation & Maintenance, Navy Reserve	7.1	12.1	18.0	21.5
Operation & Maintenance, Navy	<u>.1</u>	<u>4.2</u>	<u>9.0</u>	<u>13.0</u>
Operation & Maintenance, Navy Reserve	.1	.2	.3	.3
Defense Business Operations Fund	6.9	7.7	8.7	8.2
<u>MARINE CORPS</u>				
Operation & Maintenance, Marine Corps	<u>1.7</u>	<u>1.8</u>	<u>1.4</u>	<u>1.4</u>
	1.7	1.8	1.4	1.4
<u>AIR FORCE</u>				
Operation & Maintenance, Air Force Reserve	-	12.9	49.1	47.4
Operation & Maintenance, Air Force	<u>-</u>	<u>12.9</u>	<u>32.7</u>	<u>30.9</u>
Operation & Maintenance, Air Force Reserve	-	-	1.8	2.0
RDT&E, Air Force	-	-	14.2	14.1
Military Construction, Air Force Reserve	-	-	.4	.4
<u>DEFENSE-WIDE</u>				
Operation & Maintenance, Defense-Wide	<u>51.1</u>	<u>50.6</u>	<u>11.2</u>	<u>11.2</u>
Operation & Maintenance, Defense-Wide (Legacy)	1.7	.9	.7	.7
Defense Business Operations Fund	49.3	49.1	10.0	10.0
	.1	.6	.5	.5

ENVIRONMENTAL PROGRAMS

Pollution Prevention

The FY 1996/1997 pollution prevention program targets the prevention of solid and hazardous waste at the source. The funding requested will support these efforts, as well as implementation of Executive Orders 12856, "Federal Compliance with Right-to-Know Laws and Pollution Prevention Requirements", and Executive Order 12873, "Federal Acquisition, Recycling, and Waste Prevention." Projects target the reduction of hazardous material, solid waste, toxic releases, air emissions, and water pollution. The table below displays amounts budgeted by DoD Component for environmental pollution prevention.

	Pollution Prevention (\$ in Millions)			
	FY 1994 Actual	FY 1995 Estimate	FY 1996 Estimate	FY 1997 Estimate
<u>TOTAL POLLUTION PREVENTION</u>	337.5	383.6	335.5	321.0
<u>ARMY</u>	60.6	70.0	96.8	98.3
Operation & Maintenance, Army	10.5	28.7	30.7	33.0
Operation & Maintenance, Army Res	3.2	2.0	2.0	1.5
Operation & Maintenance, Army Nat Gd	2.1	1.7	1.6	1.7
RDT&E, Army	5.3	6.6	13.0	8.8
Other Procurement, Army	29.1	20.7	-	-
Aircraft Procurement, Army	-	-	5.7	19.8
Weapons & Tracked Combat Vehicles, Army	4.0	7.0	37.5	30.1
Family Housing, Army	-	.8	1.5	1.5
Defense Business Operations Fund	6.4	2.5	4.8	1.9
<u>NAVY</u>	53.1	90.5	96.6	91.8
Operation & Maintenance, Navy	6.0	12.5	44.8	38.7
Operation & Maintenance, Navy Res	2.6	4.0	7.5	7.3
Other Procurement, Navy	3.2	19.0	13.8	19.1
Defense Business Operations Fund	41.3	55.0	30.5	26.7
<u>MARINE CORPS</u>	9.0	9.1	13.7	13.4
Operation & Maintenance, Marine Corps	9.0	9.1	13.7	13.4

ENVIRONMENTAL PROGRAMS

Pollution Prevention - Continued

	FY 1994 Actual	FY 1995 Estimate	FY 1996 Estimate	FY 1997 Estimate
<u>AIR FORCE</u>				
Operation & Maintenance, Air Force	140.9	142.2	92.1	81.3
Operation & Maintenance, Air Force Reserve	30.6	83.3	57.7	38.8
Operation & Maintenance, Air National Guard	-	-	4.5	4.7
Aircraft Procurement, Air Force	8.2	8.8	.8	.9
Missile Procurement, Air Force	-	-	7.0	7.8
Other Procurement, Air Force	38.7	23.4	2.1	1.5
RDT&E, Air Force	24.7	15.8	-	-
Defense Business Operations Fund	38.7	10.9	14.0	21.4
			6.0	6.2
<u>DEFENSE-WIDE</u>				
Operation & Maintenance, Defense-Wide	73.9	71.8	36.3	36.2
Procurement, Defense-Wide	4.8	5.4	2.7	2.0
RDT&E, Defense-Wide	.6	25.8	.3	.3
Transaction Fund	61.4	15.1	.4	.4
Defense Business Operations Fund	-	.7	2.2	2.2
	7.1	24.8	30.7	31.3

Environmental Technology

Technology development is important to meet DoD-unique environmental needs with programs that yield quick results and have high payoffs, including the acceleration of the development and deployment of technologies that address issues, such as shipboard discharges, and remediation of soil, surface, and ground water contamination from explosives. The FY 1996 request allows DoD to continue environmental research, development, test, demonstration, and validation activities to provide long-term benefits in terms of conserving and rehabilitating the environment and protecting human health. The table below displays the amounts requested by DoD Component for environmental technology.

Environmental Technology (\$ in Millions)				
	FY 1994 Actual	FY 1995 Estimate	FY 1996 Estimate	FY 1997 Estimate
<u>TOTAL ENVIRONMENTAL TECHNOLOGY</u>	410.0	283.9	218.4	245.2
<u>ARMY</u>				
RDT&E, Army	91.3 91.3	79.5 79.5	32.9 32.9	36.6 36.6
<u>NAVY</u>				
Operation & Maintenance, Navy	76.0 -	60.8 -	76.8 .4	65.4 .4
RDT&E, Navy	73.7	59.0	75.2	64.0
Defense Business Operations Fund	2.3	1.8	1.2	1.0
<u>AIR FORCE</u>				
RDT&E, Air Force	10.5 10.5	6.1 6.1	11.3 11.3	10.6 10.6
<u>RDT&E, DEFENSE-WIDE</u>				
Advanced Research Projects Agency	232.2 78.1	137.5 38.5	97.4 24.1	132.6 22.3
Env Security Technology Certification Program	-	43.9	14.9	14.9
Strategic Env Research & Development Program	154.1	55.1	58.4	95.4

ENVIRONMENTAL PROGRAMS

Base Realignment and Closure (BRAC)

DoD is striving to complete scheduled base closures as rapidly as possible. This will enable the Department to realize potential savings and make property available to local communities quicker. However, to close these bases, environmental restoration and compliance work must be completed. Environmental funding included for the first, second, and third rounds of approved base realignments and closures (BRAC I, II, and III) is displayed below.

Base Realignment and Closure (\$ in Millions)				
	FY 1994 Actual	FY 1995 Estimate	FY 1996 Estimate	FY 1997 Estimate
<u>TOTAL BRAC</u>	522.2	518.3	457.1	356.1
Army	68.5	126.8	136.4	83.7
Navy	302.3	278.3	225.0	184.1
Air Force	149.4	107.4	92.9	87.0
Defense-Wide	2.0	5.8	2.8	1.3
<u>BRAC I</u>	-	66.8	-	-
Army	-	66.8	-	-
<u>BRAC II</u>	272.5	139.2	224.8	138.2
Army	58.7	43.7	124.9	57.3
Navy	150.8	95.5	85.8	68.8
Air Force	63.0	-	14.1	12.1
<u>BRAC III</u>	249.7	312.3	232.3	217.9
Army	9.8	16.3	11.5	26.4
Navy	151.5	182.8	139.2	115.3
Air Force	86.4	107.4	78.8	74.9
Defense-Wide	2.0	5.8	2.8	1.3

ENVIRONMENTAL PROGRAMS

Operation and Maintenance

The table below displays each of the environmental programs for the Operation and Maintenance appropriation.

	(\$ in Millions)					
	FY 1994 Actual	FY 1995 Estimate	FY 1996 Estimate	FY 1997 Estimate	95-96 Change	
					96-97 Change	
TOTAL OPERATION AND MAINTENANCE	3,191.4	3,302.8	3,275.4	3,176.8	-27.4	-98.6
Environmental Restoration	1,958.6	1,781.5	1,622.2	1,622.2	-159.3	-
Environmental Compliance	1,073.7	1,257.9	1,368.5	1,297.6	+110.6	-70.9
Environmental Conservation	90.3	116.7	118.3	114.6	+1.6	-3.7
Pollution Prevention	68.8	146.7	166.3	142.3	+19.6	-24.0
Environmental Technology	-	-	.4	.4	+.4	-
TOTAL OPERATION AND MAINTENANCE*	3,191.4	1,521.3	1,653.2	1,554.6	+131.9	-98.6
Army	1,297.0	469.5	503.1	459.5	+33.6	-43.6
Army Reserve	31.4	42.3	38.5	35.6	-3.8	-2.9
Army National Guard	45.4	52.3	55.3	56.9	+3.0	+1.6
Navy	684.9	335.3	439.8	415.1	+104.5	-24.7
Navy Reserve	8.4	8.6	16.7	16.4	+8.1	-3
Marine Corps	78.1	89.5	144.8	148.0	+55.3	+3.2
Marine Corps Reserve	3.0	2.8	2.9	2.9	+.1	-
Air Force	838.9	404.1	374.0	345.7	-30.1	-28.3
Air Force Reserve	11.2	18.4	18.6	19.5	+.2	+.9
Air Force National Guard	16.6	17.0	18.7	18.6	+1.7	-.1
Defense-Wide	176.5	81.5	40.8	36.4	-40.7	-4.4

* Service accounts do not reflect Environmental Restoration transfers in FY 1995-1997.

LAND FORCES

(\$ in Millions)

	FY 1994	FY 1995	FY 1996	FY 1997	95-96	96-97
Army	Actual	Estimate	Estimate	Estimate	Change	Change
Marines	8,038.7	8,775.4	9,069.6	8,726.6	+294.2	-343.0
Total	314.1	321.1	334.1	356.3	+13.0	+22.2
	8,352.8	9,096.5	9,403.7	9,082.9	+307.2	-320.8

Introduction. Operation and Maintenance (O&M) programs for land forces support the key ingredients of combat readiness by providing the funds necessary to operate and maintain combat vehicles and weapon systems, train personnel, and operate command and control systems. The Army and Marine Corps land forces programs also fund other essential activities such as fielding new and modernized weapon systems, including initial spare parts.

ARMY

The FY 1996 land forces program increases by \$294.2 million (3%) from \$8,775.4 million to \$9,069.6 million. This increase is the net effect of a \$178.4 million price increase; a \$33.8 million net functional transfer decrease; and a \$149.6 million program increase. The net functional transfer decrease results primarily from \$45.9 million transferred to O&M, Army National Guard to fund the Operational Support Airlift Command. The program increase is needed to improve the quality of life of soldiers by increasing the funding to operate and maintain the Army's physical plant and the power projection platform. In FY 1996, the Army completes the final stage of the troop drawdown which began in FY 1991. Between FY 1995 and FY 1996, Army troop strength decreases from 510,000 to the baseline force of 495,000 and active combat divisions decrease from 12 to 10.

The FY 1996 program provides for a \$321.3 million increase in real property maintenance and a \$124.1 million increase in base support funding. Lack of sufficient funding of real property maintenance in the past resulted in unacceptable deterioration of the Army's physical plant. Insufficient funding of base support in prior years resulted in the diversion of mission funding, including OPTempo, to cover these requirements. The program also contains a \$42.9 million increase to fund Title XI, a congressionally directed initiative to have the active Army train the Reserve Component and a \$21.5 million increase to fully fund Army operations in Korea.

LAND FORCES

The FY 1996 Land Forces program fully funds Operating Tempo (OPTEMPO) to achieve readiness training objectives of 800 miles for combat vehicles and 14.5 hours for aircraft. The FY 1996 program also includes a \$36.7 million increase for operating the Army's complex of training ranges. This provides sufficient funding to support an all-inclusive training strategy to expose all soldiers from the individual infantryman to the corps commander to a full range of realistic training exercises. It includes funding to train 33 battalions at the National Training Center, Ft. Irwin; 29 battalions at the Joint Readiness Training Center, Ft. Polk; 15 battalions at the Combat Maneuver Training Center, Hohenfels, Germany; and 11 divisions and 3 Corps staff at the Battle Command Training Center, Ft. Leavenworth.

Major program decreases in FY 1996 include a \$182.5 million force structure reduction and a \$149.0 million decrease in depot maintenance associated with the continuing troop drawdown. There is also a \$80.1 million reduction in the program to retrograde equipment from Europe as the program nears completion.

The FY 1997 Land Forces program decreases by \$343.0 million (3%) from \$9,069.6 million to \$8,726.6 million. This decrease is the net effect of a \$267.6 million price increase; a \$6.5 million net functional transfer decrease; and a \$604.1 million program decrease. While some savings will be realized in FY 1997 from reduced force structure, a program decrease of \$604.1 million is not desirable and is partially due to constrained resources.

MARINE CORPS

The Marine Corps land forces program encompasses the ground portion of the Fleet Marine Forces and includes the three Marine divisions, three Service Support Groups, five Helicopter Groups, and two Light Antiaircraft Missile Battalions. The forces are located at installations on the east and west coasts of the U.S. and at bases in the Pacific Ocean. The program supports training and routine operations, maintenance of equipment, purchase of supplies, and Marine Corps participation in Joint Chiefs of Staff training exercises.

The FY 1996 Marine Corps land forces program increases by \$13.0 million from \$321.1 million to \$334.1 million. This increase is the net effect of a \$6.5 million price increase and a \$33.0 million program increase to help eliminate prior underfunding of

LAND FORCES

Depot Level Reparables, offset by modest productivity improvements in unit maintenance and training. The FY 1997 land forces program increases by \$22.2 million from \$334.1 million to \$356.3 million. This increase is the net effect of a \$7.5 million price increase; a \$7.6 million program increase to buy down deferred maintenance on Fleet Marine Force equipment; and a \$7.6 million program increase to bring funding of Depot Level Reparables up to an acceptable level.

LAND FORCES PROGRAM DATA

ARMY OPTEMPO MILES

<u>Battalions</u>	<u>FY 1994</u>		<u>FY 1995</u>		<u>FY 1996</u>		<u>FY 1997</u>	
	<u>Goal</u>	<u>Actual</u>	<u>Goal</u>	<u>Estimate</u>	<u>Goal</u>	<u>Estimate</u>	<u>Goal</u>	<u>Estimate</u>
Armor M1/M1A1	800	527	800	800	800	800	800	800
Mech Infantry M2/M2A2	930	689	930	930	930	930	930	930

MARINE CORPS TRAINING DAYS

<u>BATTALIONS</u>	<u>FY 1994</u>		<u>FY 1995</u>		<u>FY 1996</u>		<u>FY 1997</u>	
	<u>Units</u>	<u>Days</u>	<u>Units</u>	<u>Days</u>	<u>Units</u>	<u>Days</u>	<u>Units</u>	<u>Days</u>
Infantry	24	2,997	24	2,981	24	2,829	24	2,971
Artillery	11	1,095	11	1,160	10	1,163	10	1,163
Armor/Assault	2	197	2	202	2	222	2	222
Tank	2	178	2	217	2	217	2	217
Engineer	3	284	2	245	2	217	2	213
Light Armor	3	387	3	410	3	419	3	421

MANAGEMENT HEADQUARTERS

(\$ in Millions)

	FY 1994 <u>Actual</u>	FY 1995 <u>Estimate</u>	FY 1996 <u>Estimate</u>	FY 1997 <u>Estimate</u>	95-96 <u>Change</u>	96-97 <u>Change</u>
Total	2,159.0	1,957.4	1,916.1	1,952.7	-41.3	+36.6

Management Headquarters and Management Headquarters Support Activities include the Office of the Secretary of Defense, the Office of the Chairman of the Joint Chiefs of Staff, The Joint Staff, Headquarters of Unified and Specified Commands, headquarters of Defense Agencies, the Service Secretariats and Service Staffs, headquarters of Major Service Commands, and other organizations that manage the programs and operations of the Department of Defense and the DoD Components. The following table displays the Operation and Maintenance support costs of Management Headquarters/Management Headquarters Support Activities and headquarter personnel strength in the Department of Defense.

ARMY

O&M Cost

(\$ in Millions)

	FY 1994 <u>Actual</u>	FY 1995 <u>Estimate</u>	FY 1996 <u>Estimate</u>	FY 1997 <u>Estimate</u>	95-96 <u>Change</u>	96-97 <u>Change</u>
Personnel (E/S)	589.3	507.9	506.7	519.0	-1.2	+12.3
Military	15,757	14,446	13,510	13,348	-936	-162
Civilian	7,467	6,480	6,131	6,052	-349	-79
	8,290	7,966	7,379	7,296	-587	-83

NAVY

O&M Cost

(\$ in Millions)

	FY 1994 <u>Actual</u>	FY 1995 <u>Estimate</u>	FY 1996 <u>Estimate</u>	FY 1997 <u>Estimate</u>	95-96 <u>Change</u>	96-97 <u>Change</u>
Personnel (E/S)	350.3	343.1	316.0	309.7	-27.1	-6.3
Military	11,424	11,115	10,723	10,344	-392	-379
Civilian	6,529	6,361	6,229	6,094	-132	-135
	4,895	4,754	4,494	4,250	-260	-244

MANAGEMENT HEADQUARTERS

	<u>FY 1994 Actual</u>	<u>FY 1995 Estimate</u>	<u>FY 1996 Estimate</u>	<u>FY 1997 Estimate</u>	<u>95-96 Change</u>	<u>96-97 Change</u>
<u>MARINE CORPS</u>						
O&M Cost						
(\$ in Millions)	21.9	17.5	17.3	17.3	-2	0
Personnel (E/S)	2,231	2,164	2,066	1,957	-98	-109
Military	1,846	1,827	1,730	1,637	-97	-93
Civilian	385	337	336	320	-1	-16
<u>AIR FORCE</u>						
O&M Cost						
(\$ in Millions)	423.0	383.9	356.1	353.4	-27.8	-2.7
Personnel (E/S)	15,911	15,515	15,590	15,473	+75	-117
Military	10,398	10,135	10,146	10,047	+11	-99
Civilian	5,513	5,380	5,444	5,426	+64	-18
<u>ARMY RESERVE</u>						
O&M Cost						
(\$ in Millions)	47.7	32.9	29.9	29.6	-3.0	-.3
Personnel (E/S)	1,024	608	476	470	-132	-6
Military	501	91	84	84	-7	0
Civilian	523	517	392	386	-125	-6
<u>ARMY NATIONAL GUARD</u>						
O&M Cost						
(\$ in Millions)	16.1	13.5	13.6	13.8	+1	+.2
Personnel (E/S)	217	161	144	144	-17	0
Military	49	50	41	41	-9	0
Civilian	168	111	103	103	-8	0

MANAGEMENT HEADQUARTERS

	<u>FY 1994 Actual</u>	<u>FY 1995 Estimate</u>	<u>FY 1996 Estimate</u>	<u>FY 1997 Estimate</u>	<u>95-96 Change</u>	<u>96-97 Change</u>
<u>NAVY RESERVE</u>						
O&M Cost						
(\$ in Millions)	7.1	6.8	6.8	6.7	0	-.1
Personnel (E/S)	<u>109</u>	<u>104</u>	<u>99</u>	<u>94</u>	<u>-5</u>	<u>-5</u>
Military	0	0	0	0	0	0
Civilian	109	104	99	94	-5	-5
<u>AIR FORCE RESERVE</u>						
O&M Cost						
(\$ in Millions)	2.2	2.7	2.9	3.2	+ .2	+ .3
Personnel (E/S)	<u>46</u>	<u>53</u>	<u>53</u>	<u>53</u>	<u>0</u>	<u>0</u>
Military	22	27	27	27	0	0
Civilian	24	26	26	26	0	0
<u>AIR NATIONAL GUARD</u>						
O&M Cost						
(\$ in Millions)	5.1	3.4	3.1	3.1	-.3	0
Personnel (E/S)	<u>83</u>	<u>89</u>	<u>86</u>	<u>83</u>	<u>-3</u>	<u>-3</u>
Military	45	46	45	44	-1	-1
Civilian	38	43	41	39	-2	-2
<u>DEFENSE-WIDE</u>						
O&M Cost						
(\$ in Millions)	690.2	639.5	657.3	690.4	+17.8	+33.1
Personnel (E/S)	<u>9,847</u>	<u>9,968</u>	<u>9,864</u>	<u>9,731</u>	<u>-104</u>	<u>-133</u>
Military	3,239	3,152	3,135	3,172	-17	+37
Civilian	6,608	6,816	6,729	6,559	-87	-170

MANAGEMENT HEADQUARTERS

Actual
FY 1994

O&M Cost	6.1	6.2	6.4	6.5	+2	+1
(\$ in Millions)	74	65	65	65	0	0
Personnel (E/S)					0	0
Military	0	0	0	0	0	0
Civilian	74	65	65	65	0	0

TOTAL MANAGEMENT HEADQUARTERS

O&M Cost	2,159.0	1,957.4	1,916.1	1,952.7	-41.3	+36.6
(\$ in Millions)						
Personnel (E/S)	<u>56,723</u>	<u>54,288</u>	<u>52,676</u>	<u>51,762</u>	<u>-1,612</u>	<u>-914</u>
Military	30,096	28,169	27,568	27,198	-601	-370
Civilian	26,627	26,119	25,108	24,564	-1,011	544

Management Headquarters

The Management Headquarters estimates shown on the following page reflect the Operation and Maintenance (O&M) direct costs, civilian end strength funded in the O&M appropriations and military personnel end strength. These estimates are also reflected in the budget exhibit entitled, Department of Defense Management Headquarters and Headquarters Support Activities which is provided in the Operation and Maintenance Data Books for the Military Departments and the Defense Agencies.

The net reduction of \$-41.3 million in FY 1996 reflects reduced headquarters personnel requirements consistent with the overall force structure drawdown. The net increase in FY 1997 over FY 1996 is primarily related to Agency programs that allow components to accept logistics technical information from contractors in digitized electronic format.

MOBILIZATION

	FY 1994 <u>Actual</u>	FY 1995 <u>Estimate</u>	(\$ in Millions)		95-96 <u>Change</u>	96-97 <u>Change</u>
Army	457.2	583.8	FY 1996 <u>Estimate</u>	FY 1997 <u>Estimate</u>	+113.0	-92.1
Navy	1,279.9	1,275.9	1,030.2	1,144.8	-245.7	+114.6
Air Force	4,836.1	3,162.4	2,523.4	2,590.9	-639.0	+67.5
Total	6,573.2	5,022.1	4,250.4	4,340.4	-771.7	+90.0

Mobilization provides for strategic and tactical airlift and sealift capability to deploy combat forces and materiel in contingencies. Mobilization also funds an adequate inventory of immediately available supplies and equipment, stationed both afloat and on land, to sustain the operating forces for lengths of time and levels of conflict outlined in the National Military Strategy. In addition, Mobilization funds the inactivation of Navy ships and submarines. This accounts for about one half of the Navy's Mobilization program. From FY 1995 to FY 1996, Mobilization decreases by \$771.7 million. This is comprised of a net transfer out of \$456.0 million, as explained under Airlift Subsidy, price growth of \$203.7 million and program decreases of \$519.4 million. The program decreases relate primarily to changes in the airlift category and ship inactivations. Mobilization increases \$90 million from FY 1996 to FY 1997. This increase is the net of price growth of \$100.9 million and program decreases of \$10.9 million. FY 1997 program decreases are driven by changes in the Army's afloat preposition fleet (APF) offset by an increase in the Navy's ship inactivations. Mobilization is funded in Budget Activity 2. The funding profile shown above includes all of Budget Activity 2.

	FY 1994 <u>Actual</u>	FY 1995 <u>Estimate</u>	(\$ in Millions)		95-96 <u>Change</u>	96-97 <u>Change</u>
AIRLIFT SUBSIDY	1,527.7	1,271.5	FY 1996 <u>Estimate</u>	FY 1997 <u>Estimate</u>	-978.5	+4.3
			293.0	297.3		

The Air Force airlift program is financed primarily through USTRANSCOM rates; however, a direct payment to the Defense Business Operations Fund (DBOF) is required to fully meet USTRANSCOM airlift expenses due to the difference between USTRANSCOM rates and actual costs incurred. In FY 1996, the subsidy is significantly reduced primarily as a result of realigning financing responsibilities. Approximately \$472 million in military pay

MOBILIZATION

costs transfer to the Military Personnel, Air Force appropriation in conjunction with an Air Force and USTRANSCOM effort to redefine this program to capture only mobilization costs. In addition, approximately \$280 million is realigned to other Air Force Mobilization programs, predominately Airlift Operations Training, to place funding with the appropriate customers (see the increase to Airlift Operations Training in the Other Mobilization Programs section). The remaining net decrease of approximately \$225 million in FY 1996 is due to a decreased subsidy requirement based on projected USTRANSCOM operating results for FY 1996.

<u>SEALIFT</u>	(\$ in Millions)				
	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>95-96</u>
<u>Afloat Prepositioned Fleet (APF)</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
Army APF	196.8	196.9	328.8	200.9	+131.9
Navy Maritime Prepo Ships (MPS)	403.3	312.5	373.6	371.3	+61.1
Navy Prepositioned Hospital Ship	15.7	10.3	10.1	11.1	-0.2
Air Force APF	59.5	66.5	56.7	59.2	-9.8
Subtotal Prepositioned	675.3	586.2	769.2	642.5	+183.0
Fast Sealift Ships	54.2	64.5	67.3	58.4	+2.8
Hospital Ships	19.7	17.4	18.4	17.1	+1.0
Aviation Logistics Support	6.2	5.8	6.6	5.3	+0.8
Subtotal Surge Ships	80.1	87.7	92.3	80.8	+4.6
Total Sealift	755.4	673.9	861.5	723.3	+187.6
					-138.2

The Sealift program funds two categories of forces: prepositioned ships and surge ships. Prepositioned ships carry equipment, supplies and ammunition and are available for immediate and rapid response to unforeseen contingencies throughout the world. These forces consist of 13/14 APF ships funded by the Army in FY 1996/FY 1997 respectively, with a capability to deploy and sustain a five division corps with its associated force structure, 13 MPS ships funded by the Navy that can support three Maritime Amphibious Brigades in forward areas for 30 days of combat operations, a prepositioned fleet hospital ship to support the Marine Expeditionary Force, and three APF ships funded by the Air Force. The one-year increase in FY 1996 for the Army's APF program supports the transfer of stocks from seven interim roll-on/roll-off (RO/RO) ships to five new large

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medium speed RO/RO ships and supports maintenance on the equipment when it is transferred to the new ships. Other funding changes are related primarily to pricing changes in per diem rates charged by the Military Sealift Command.

The Navy funds the surge program which collectively provides the sealift capability to onload, transport and discharge troops, equipment, POL and cargo from the U.S. to worldwide combat operations. This force consists of eight fast sealift ships used primarily by the Army, two hospital ships, and two aviation maintenance ships. The fast sealift ships are container ships partially converted to roll-on/roll-off capability for transport of combat equipment. The two hospital ships have the capability to conduct afloat casualty medical treatment providing 24 operating rooms and 2,000 beds. The aviation maintenance ships carry intermediate maintenance activity assets and spares for Marine Corps aircraft and helicopters. These surge ships are kept in a reduced operating status (ROS) which allows the ships to be activated and underway within a specific period of time. There is no change in the number of surge ships. Funding changes are due to pricing changes in per diem rates charged by the Military Sealift Command.

OTHER MOBILIZATION PROGRAMS	FY 1994 Actual	FY 1995 Estimate	(\$ in Millions)			
			FY 1996 Estimate	FY 1997 Estimate	95-96 Change	96-97 Change
Army						
POMCUS	107.9	119.6	86.9	88.7	-32.7	+1.8
War Reserve Activities	27.0	99.0	72.2	121.6	-26.8	+49.4
Industrial Preparedness	100.8	89.6	143.8	147.2	+54.2	+3.4
Other Prepositioned	21.4	53.8	38.9	44.1	-14.9	+5.2
Exercises	<u>3.3</u>	<u>24.9</u>	<u>26.2</u>	<u>2.2</u>	<u>+1.3</u>	<u>-24.0</u>
Subtotal Army	260.4	386.9	368.0	403.8	-18.9	+35.8
Navy						
Activations/Inactivations	711.8	736.2	479.6	603.7	-256.6	+124.1
Fleet Hospital Program	17.4	16.3	16.2	16.0	-0.1	-0.2
Industrial Readiness	3.3	58.8	1.9	2.4	-56.9	+0.5
Coast Guard Support	16.8	18.0	21.5	22.9	+3.5	+1.4
Other Sealift/Surge	29.2	33.6	32.6	34.4	-1.0	+1.8
Exercises	<u>2.3</u>	<u>2.5</u>	<u>2.4</u>	<u>2.3</u>	<u>-0.1</u>	<u>-0.1</u>
Subtotal Navy	780.8	865.4	554.2	681.7	-311.2	+127.5

MOBILIZATION

MOBILIZATION

OTHER MOBILIZATION PROGRAMS (Continued)	FY 1994 Actual	FY 1995 Estimate	(\$ in Millions)		
			FY 1996 Estimate	FY 1997 Estimate	95-96 Change
Air Force					
Airlift Operations	1,100.5	971.8	992.0	1,031.0	+20.2
Airlift Ops C3I	21.5	12.8	11.0	11.0	-1.8
Airlift Ops Training	216.0	298.3	552.8	557.9	+254.5
Mobilization Preparedness	141.5	101.6	103.4	90.4	+1.8
Base Support	1,769.4	439.9	514.5	544.1	+74.6
Subtotal Air Force	3,248.9	1,824.4	2,173.7	2,234.4	+349.3
Total Other Mobilization	4,290.1	3,076.7	3,095.9	3,319.9	+19.2
					+224.0

The Army's Other Mobilization programs fund prepositioned materiel configured to unit sets (POMCUS), which provides an adequate number of fully ready, prepositioned combat unit equipment sets to immediately deploy operating forces and the maintenance and care of supplies and equipment in war reserve stationed both afloat and on land. War reserves are designed to sustain the operating forces for a specific length of time and intensity of conflict as required by the National Military Strategy. In addition, industrial preparedness funds an industrial and installation support base capable of mobilizing on short notice to meet the nation's defense requirements in high intensity and/or long duration conflicts. Funding changes are due to a reduction of POMCUS equipment in Central Europe; a Congressional increase in FY 1995 for War Reserve repair parts which offsets FY 1996 requirements, followed by an FY 1997 increase for War Reserve initiatives in South West Asia; an increase for unused mobilization capacity at Army depots and arsenals, as industrial capacity not currently needed for peacetime operations is placed in a layaway mobilization status; and a reduction of six Sea Emergency Deployment Readiness Exercises (SEDRE) in FY 1997.

Included in the Navy's Other Mobilization program is the cost to inactivate ships and submarines from the Navy's Active Ship Battle Forces. This cost can vary widely from year to year as the number, mix and complexity of inactivations changes. The program decreases from FY 1995 to FY 1996 to reflect ten less surface inactivations, four less submarine inactivations and four less submarine reactor compartment disposals. The program increases from FY 1996 to FY 1997 to fund the inactivation of an aircraft carrier, four additional reactor compartments and other nuclear inactivations and decontaminations. The remainder of the Mobilization program funds amphibious sealift equipment, such as elevated causeways, barge ferries and lighterage; maintenance and

upgrade of equipment and replacement of medical supplies aboard prepositioned and surge ships; periodic exercises that involve the activation of surge ships; maintenance and resupply of fleet hospital assets in storage; maintenance, overhaul, and support of Navy equipment aboard Coast Guard vessels; and an industrial readiness program. These programs are relatively stable with the exception of industrial readiness. This program declines from FY 1995 to FY 1996 to remove funding for underutilized plant capacity (UPC). Funding is now included in the rate structure charged by DBOF activities for industrial infrastructure needed for peacetime operations but required to be sized to include surge capacity for contingencies. Funding for Coast Guard support increases to reduce the backlog of maintenance of Navy weapons systems on Coast Guard ships.

Airlift Operations supports the day-to-day missions activity of Mobility Operations, including school-house and proficiency training for C-5, C-130, C-141, and C-17 aircrews, air refueling operations on KC-10 and KC-135 aircraft, operational support airlift, short takeoff and landing C-27 airlifters, and various simulators and trainer programs. Airlift C3I programs finance various command and control systems which provide the capability to direct and control various command and control systems for worldwide deployment. Mobilization Preparedness funding provides the Air Force with the capability to sustain crisis situation through the provision and prepositioning of war readiness material (WRM), theater nuclear weapon storage and security systems (WS3), industrial preparedness, inactive aircraft storage and disposal, and station hospitals and clinics. In FY 1996, \$280 million of the increase reflects a transfer of funding responsibility for airlift operations training to Air Force rather than covering this cost through the airlift subsidy to USTRANSCOM. The remaining funding increases from FY 1995 to FY 1996 to support simulator and aircraft maintenance contracts and increased maintenance and repair of aging infrastructure. In FY 1997, funding continues to increase as the final phase of the FY 1996 initiative to stabilize the aging airlift infrastructure.

OTHER

	FY 1994 <u>Actual</u>	FY 1995 <u>Estimate</u>	(\$ in Millions) FY 1996 <u>Estimate</u>	FY 1997 <u>Estimate</u>	95-96 <u>Change</u>	96-97 <u>Change</u>
Army	1,034.4	1,137.9	1,116.5	1,124.5	-21.4	+8.0
Navy	595.0	616.3	594.7	588.3	-21.6	-6.4
Marine Corps	153.3	164.8	167.7	174.8	+2.9	+7.1
Air Force	352.6	363.1	369.0	360.4	+5.9	-8.6
Total	2,135.3	2,282.1	2,247.9	2,248.0	-34.2	+0.1

This category includes interest items that have not been included in previous activity highlights. The programs reflected in this category vary among the Services and in most instances do not lend themselves to categorization elsewhere. Totals by category are shown below.

	FY 1994 <u>Actual</u>	FY 1995 <u>Estimate</u>	(\$ in Millions) FY 1996 <u>Estimate</u>	FY 1997 <u>Estimate</u>	95-96 <u>Change</u>	96-97 <u>Change</u>
Subsistence	648.8	653.6	618.8	612.5	-34.8	-6.3
Education/Other						
Personnel Spt	706.6	764.3	743.8	747.3	-20.5	+3.5
Spt to Other Nations	224.0	286.1	302.6	311.5	+16.5	+8.9
Unemployment Comp	92.1	89.4	84.3	76.0	-5.1	-8.3
Disability Comp	242.3	245.7	258.1	264.2	+12.4	+6.1
Claims	221.5	243.0	240.3	236.5	-2.7	-3.8
Total	2,135.3	2,282.1	2,247.9	2,248.0	-34.2	+0.1

OTHERARMY

	<u>FY 1994 Actual</u>	<u>FY 1995 Estimate</u>	(\$ in Millions) <u>FY 1996 Estimate</u>	<u>FY 1997 Estimate</u>	<u>95-96 Change</u>	<u>96-97 Change</u>
Subsistence	261.6	285.0	252.5	252.5	-32.5	-
Education/Other						
Personnel Spt	255.0	254.9	259.4	261.6	+4.5	+2.2
Spt to Other						
Nations	208.1	271.4	282.2	290.8	+10.8	+8.6
Unemployment Comp	48.3	45.3	43.6	39.5	-1.7	-4.1
Disability Comp	97.9	103.0	105.5	108.6	+2.5	+3.1
Claims	<u>163.5</u>	<u>178.3</u>	<u>173.3</u>	<u>171.5</u>	<u>-5.0</u>	<u>-1.8</u>
Total	1,034.4	1,137.9	1,116.5	1,124.5	-21.4	+8.0

Subsistence provides enlisted soldiers their daily ration in accordance with Title 10 U.S. Code. In addition troop issue activities provide for requisitioning, receiving, storing, issuing, and selling of subsistence items to authorized appropriated and non-appropriated fund activities. The FY 1996 net decrease reflects the final depletion of Desert Storm subsistence items, while FY 1997 reflects no change in the program.

Education and Other Personnel Support includes resources for civilian training, the Veterans Educational Assistance Program (VEAP), continuing education, Military Education and Developmental Programs, and many programs involved with Manpower Management. Also funded within this category is the Junior Reserve Officer Training (JROTC) program. The FY 1996 and FY 1997 net increases reflect enhanced personnel and family support functions costs in compliance with the Secretary's emphasis on improving quality of life.

Support to Other Nations provides for the U.S. share of financial contributions for

OTHER

OTHER

International Military Organizations, principally NATO. The FY 1996 and FY 1997 net increase is attributed to price growth.

Unemployment Compensation reimburses unemployment compensation paid to former employees by the Department of Labor (DoL). The FY 1996 and FY 1997 programs are based on DoL projections.

Disability Compensation is paid to civilian employees who sustain a job related illness or injury. The FY 1996 and FY 1997 amounts are based on the estimates by the DoL for anticipated costs.

Claims pay for the loss, damage, injury, or death caused by the Army. The FY 1996 and FY 1997 net decreases are the result of changes in the projection of the number and cost of claims.

NAVY

	FY 1994 Actual	FY 1995 Estimate	(\$ in Millions) FY 1996 Estimate	FY 1997 Estimate	95-96 Change	96-97 Change
Subsistence	240.2	221.1	222.3	211.2	+1.2	-11.1
Education/Other						
Personnel Spt	249.5	293.9	274.8	281.9	-19.1	+7.1
Spt to Other Nations	8.3	7.4	7.4	7.5	-	+0.1
Unemployment Comp	26.9	25.2	21.2	17.9	-4.0	-3.3
Disability Comp	41.8	40.8	40.1	40.0	-.7	-.1
Claims	28.3	27.9	28.9	29.8	+1.0	+0.9
Total	595.0	616.3	594.7	588.3	-21.6	-6.4

Subsistence funding provides for meals ashore and afloat for active duty enlisted personnel. Funds are also included for the testing of new food items, the replacement of emergency rations and the rotation of operational rations. The net funding increase in FY 1996 is the result of price growth, while the FY 1997 net decrease is the result of manpower reductions.

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OTHER

Education and Other Personnel Support provides for various off-duty and voluntary education programs, centralized civilian intern programs, the Junior Navy Reserve Officer Training Corps (JROTC), and various personnel support programs. The funding net decrease in FY 1996 reflects A-12 Litigation Team Support cost reductions, while the FY 1997 net increase is for further expansion of the JROTC program.

Support to Other Nations provides for the resource requirements of the Latin American Cooperation program, overseas medical travel, the Navy Technology Transfer Program, and Title 10 legislative initiatives such as participation by foreign countries in joint military exercises with the U.S. Funding is basically unchanged for FY 1996 and FY 1997.

Unemployment Compensation reimburses unemployment compensation paid to former employees by the DoL. The FY 1996 and FY 1997 programs are based on DoL projections.

Disability Compensation is paid to civilian employees who sustain a job related illness or injury. The FY 1996 and FY 1997 programs are based on estimates from the DoL.

Claims include funding for the payment of non-contractual claims against the Department of the Navy. The net increases for FY 1996 and FY 1997 are the result of price growth.

MARINE CORPS

	FY 1994 Actual	FY 1995 Estimate	(\$ in Millions)		95-96 Change	96-97 Change
			FY 1996 Estimate	FY 1997 Estimate		
Subsistence	93.5	95.7	95.6	101.0	-0.1	+5.4
Education/Other Personnel Spt	40.9	50.2	53.2	54.9	+3.0	+1.7
Disability Comp	18.9	18.9	18.9	18.9	-	-
Total	153.3	164.8	167.7	174.8	+2.9	+7.1

Subsistence costs in FY 1996 remain basically constant, while the FY 1997 net increase reflects price growth and other program changes.

OTHER

Education and Other Personnel Support includes support for Marine prisoners, support of the Marine Band, child care and child development, family service centers, and reimbursement to the veterans administration for the Veterans Education Assistance Program (VEAP). The FY 1996 net increase is attributed to costs for the New Parent Support program, while the FY 1997 net increase is for price growth.

Disability Compensation is paid to civilian employees who sustain a job related illness or injury. The FY 1996 and FY 1997 programs are based on estimates from the DoL.

AIR FORCE

	FY 1994 Actual	FY 1995 Estimate	(\$ in Millions) FY 1996 Estimate	FY 1997 Estimate	95-96 Change	96-97 Change
Subsistence	53.5	51.8	48.4	47.8	-3.4	-0.6
Education/Other Personnel Spt	161.2	165.3	156.4	148.9	-8.9	-7.5
Spt to Other Nations	7.6	7.3	13.0	13.2	+5.7	+0.2
Unemployment Comp	16.9	18.9	19.5	18.6	+0.6	-0.9
Disability Comp	83.7	83.0	93.6	96.7	+10.6	+3.1
Claims	29.7	36.8	38.1	35.2	+1.3	-2.9
Total	352.6	363.1	369.0	360.4	+5.9	-8.6

Subsistence program provides in-kind rations to enlisted military personnel not receiving a basic allowance for subsistence. The FY 1996 and FY 1997 net decreases are the result of the enlisted personnel drawdown.

Education and Other Personnel Support includes civilian education and development programs, Veterans Education Assistance Program (VEAP), Junior Reserve Officer Training Corps (JROTC), and off-duty and voluntary education programs. The FY 1996 and FY 1997 net decreases reflect the reduced number of personnel available to utilize the programs.

OTHER

OTHER

Support of Other Nations funds Air Force unique requirements for personnel assigned overseas to Joint or Unified Commands, International Activities and Headquarters, other government agencies, and support for various international organizations and efforts. The FY 1996 net increase reflects an increase in the support of CINC programs, while FY 1997 funding generally sustains this increased support.

Unemployment Compensation reimburses unemployment compensation paid to former employees by the Department of Labor. The FY 1996 and FY 1997 programs are based on DoL projections.

Disability Compensation is paid to civilian employees who sustain a job related illness or injury. The FY 1996 and FY 1997 programs are based on estimates from the DoL.

Claims reflect payment of personnel claims brought against the Air Force under the Federal Tort Claims Act, the Military Claims Act, Foreign Claims Act, and other like statutes and regulations. Payments are charged to the year in which the judgment is rendered. The net funding changes in FY 1996 and FY 1997 are the result of changes in the projection of the number and cost of claims.

REAL PROPERTY MAINTENANCE (RPM)

	FY 1994 Actual	FY 1995 Estimate	(\$ in Millions)		95-96 Change	96-97 Change
			FY 1996 Estimate	FY 1997 Estimate		
Army	830.0	994.0	1,318.0	1,239.0	+324.0	-79.0
Navy	811.0	959.0	1,050.0	1,034.0	+91.0	-16.0
Marine Corps	255.8	265.5	344.8	312.2	+79.3	-32.6
Air Force	1,189.0	1,132.0	1,533.0	1,600.0	+401.0	+67.0
Defense-Wide	155.7	137.2	169.8	174.3	+32.6	+4.5
Defense Health Program (DHP)	329.7	340.4	354.1	367.9	+13.7	+13.8
Army Reserve	58.3	60.6	47.6	49.7	-13.0	+2.1
Navy Reserve	30.1	44.8	32.0	31.9	-12.8	-.1
Marine Corps Reserve	4.4	5.1	4.9	5.4	-.2	+5
Air Force Reserve	39.6	58.5	63.0	63.3	+4.5	+3
Army National Guard	71.1	78.8	50.2	42.9	-28.6	-7.3
Air National Guard	53.8	79.1	85.6	82.2	+6.5	-3.4
RPM Defense Account	498.7	-	-	-	-	-
Total	4,327.2	4,155.0	5,053.0	5,002.8	+898.0	-50.2

Real Property Maintenance provides funding to maintain and repair buildings, structures, warehouses, roadways, runways, aprons, railway trackage, utility plants, and distribution systems. It also includes funding for minor construction which provides for the erection, installation, or assembly of new facilities and for the expansion, alteration, or conversion of existing facilities when the costs of such efforts by project do not exceed \$300 thousand. The funds depicted above do not include amounts financed through the Defense Business Operations Fund for repair and maintenance of the Fund activities. Costs of military personnel assigned to RPM activities are also excluded, as are RPM

REAL PROPERTY MAINTENANCE (RPM)

requirements funded in the RDT&E and Military Construction accounts. The FY 1996 O&M RPM request represents a 22% increase over estimated FY 1995 funding levels. This increase reflects the efforts of the Department to perform maintenance and repair projects previously deferred due to constrained resource levels and to improve quality of life.

The following data provides details on O&M funding levels for Maintenance and Repair and Minor Construction and on the personnel end strength associated with these efforts.

Maintenance and Repair of Real Property (MRP)

	FY 1994 Actual	FY 1995 Estimate	(\$ in Millions)		95-96 Change	96-97 Change
		Estimate	FY 1996 Estimate	FY 1997 Estimate		
Army	753.0	940.0	1,250.0	1,170.0	+310.0	-80.0
Navy	777.0	919.0	1,009.0	994.0	+90.0	-15.0
Marine Corps	233.9	244.8	316.6	286.9	+71.8	-29.7
Air Force	1,131.0	1,061.0	1,418.0	1,482.0	+357.0	+64.0
Defense-Wide	137.4	115.4	150.5	154.1	+35.1	+3.6
Defense Health Program (DHP)	271.6	305.7	317.2	330.6	+11.5	+13.4
Army Reserve	53.6	52.6	41.9	43.9	-10.7	+2.0
Navy Reserve	28.4	41.5	30.3	30.2	-11.2	-.1
Marine Corps Reserve	3.4	4.0	3.7	4.2	-.3	+.5
Air Force Reserve	32.2	51.7	56.1	56.0	+4.4	-.1
Army National Guard	60.9	72.7	45.1	37.8	-27.6	-7.3
Air National Guard	43.5	59.6	62.1	61.7	+2.5	-.4
RPM Defense Account	493.8	-	-	-	-	-
Total	4,019.7	3,868.0	4,700.5	4,651.4	+832.5	-49.1

REAL PROPERTY MAINTENANCE (RPM)

Minor Construction

	FY 1994 <u>Actual</u>	FY 1995 <u>Estimate</u>	(\$ in Millions)		95-96 <u>Change</u>	96-97 <u>Change</u>
			FY 1996 <u>Estimate</u>	FY 1997 <u>Estimate</u>		
Army	77.0	54.0	68.0	69.0	+14.0	+1.0
Navy	34.0	40.0	41.0	40.0	+1.0	-1.0
Marine Corps	21.9	20.7	28.2	25.3	+7.5	-2.9
Air Force	58.0	71.0	115.0	118.0	+44.0	+3.0
Defense-Wide	18.3	21.8	19.3	20.2	-2.5	+ .9
Defense Health Program (DHP)	58.1	34.7	36.9	37.3	+2.2	+ .4
Army Reserve	4.7	8.0	5.7	5.8	-2.3	+ .1
Navy Reserve	1.7	3.3	1.7	1.7	-1.6	-
Marine Corps Reserve	1.0	1.1	1.2	1.2	+ .1	-
Air Force Reserve	7.4	6.8	6.9	7.3	+ .1	+ .4
Army National Guard	10.2	6.1	5.1	5.1	-1.0	-
Air National Guard	10.3	19.5	23.5	20.5	+4.0	-3.0
RPM Defense Account	<u>4.9</u>	-	-	-	-	-
Total	307.5	287.0	352.5	351.4	+65.5	-1.1
<u>Personnel</u>						
(End Strength)						
Military	16,125	14,510	13,797	13,409	-713	-388
Civilians	32,054	26,478	24,400	23,090	-2,078	-1,310

Backlog of Maintenance And Repair (BMAR)

	FY 1994 Actual	FY 1995 Estimate	(\$ in Millions)		95-96 Change	96-97 Change
			FY 1996 Estimate	FY 1997 Estimate		
Army	3,074.0	3,972.0	4,658.0	5,137.0	+686.0	+479.0
Navy	1,846.0	1,926.0	1,944.0	2,018.0	+18.0	+74.0
Marine Corps	607.7	706.8	834.3	952.3	+127.5	+118.0
Air Force	2,104.0	2,516.0	2,989.0	2,664.0	+473.0	-325.0
Defense-Wide	103.4	157.4	151.1	141.4	-6.3	-9.7
Defense Health Program (DHP)	507.6	509.1	501.8	495.1	-7.3	-6.7
Army Reserve	90.6	101.8	120.6	134.1	+18.8	+13.5
Navy Reserve	110.0	125.0	140.0	151.0	+15.0	+11.0
Marine Corps Reserve	5.3	5.8	6.4	7.0	+6	+6
Air Force Reserve	131.4	135.6	135.2	124.0	-.4	-11.2
Army National Guard	171.1	242.2	350.6	457.5	+108.4	+106.9
Air National Guard	494.3	493.9	488.3	482.4	-5.6	-5.9
Total	9,245.4	10,891.6	12,319.3	12,763.8	+1,427.7	+444.5

BMAR

The BMAR amounts represent unconstrained estimates often based on engineering surveys and often times subjective judgments. As currently estimated, the BMAR continues to grow. Despite a 22% increase in RPM funding levels from FY 1995 to FY 1996, the Components still estimate a 13% increase in the BMAR. Following congressional guidelines, the Department is developing a new methodology for determining and validating the BMAR. This methodology utilizes comprehensive maintenance surveys and has the potential to improve the management of real property maintenance resources and to validate BMAR estimates.

REAL PROPERTY MAINTENANCE (RPM)

PROGRAM FUNDING (\$ in Billions)

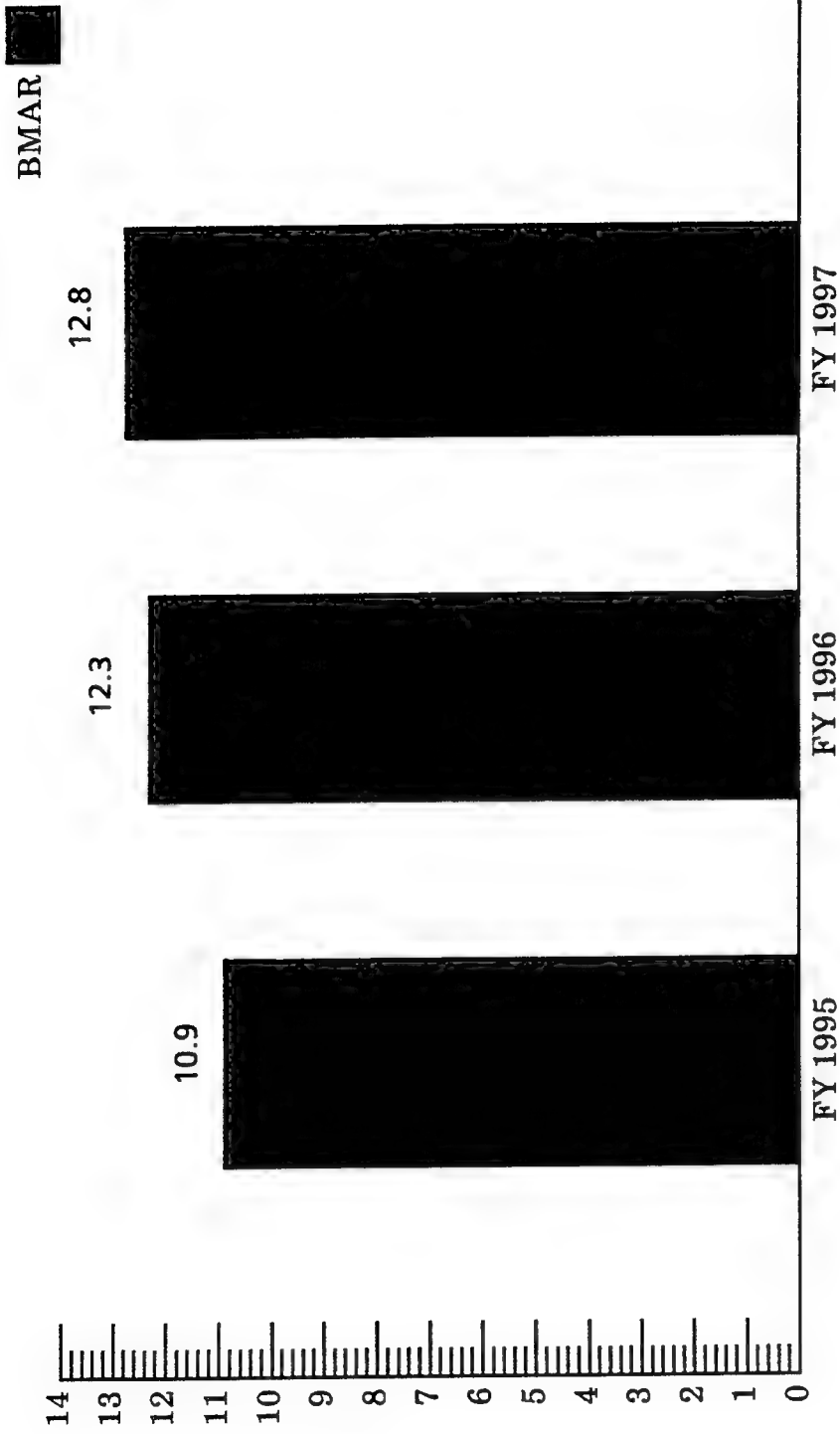


This chart depicts funding for real property maintenance in FY 1995 through FY 1997 in the O&M appropriation. Funding for FY 1996 includes Maintenance and Repair of Real Property (MRP) of \$4,700.5 million and Minor Construction (MC) of \$352.5 million, making a total O&M RPM request of \$5,053.0 million. Funding for FY 1997 includes Maintenance

REAL PROPERTY MAINTENANCE (RPM)

and Repair of Real Property (MRP) of \$4,651.4 million and Minor Construction (MC) of \$351.4 million, making a total O&M RPM request of \$5,002.8 million.

**BMAR ESTIMATES
(\$ in Billions)**



This chart reflects the BMAR estimates for FY 1995 through FY 1997.

Army

The Army is requesting \$1,318 million in FY 1996 for RPM in the O&M appropriation. These funds reflect a net increase of \$324 million from the FY 1995 funding level (\$26.0 million in price growth, \$18 million for foreign currency rate changes, transfers in of \$5 million, and \$275 million in net program growth). Transfers include Defense Commissary Agency general and administrative overhead costs of \$5 million to Army for support of commissaries on a non-reimbursable basis. Program increases totaling \$443 million reflect the Army's efforts to enhance the quality of living conditions for the soldier by establishing the Army's Barrack Repair Program. Funding increases also allow the Army to perform maintenance and repair projects that were deferred due to constrained resources in prior years. Program growth is partially offset by a reduction of \$168 million associated with civilian personnel reductions as the Department downsizes. The FY 1997 program of \$1,239 million includes price growth of \$38 million and program decreases of \$117 million from the FY 1996 funding level. Program decreases are the result of constrained resources and civilian end strength reductions.

Navy

The Navy is requesting \$1,050 million in FY 1996 for RPM in the O&M appropriation. These funds reflect a net increase of \$91 million from the FY 1995 funding level (\$15.8 million in price growth and \$75.2 million in program growth). The program increase primarily reflects the Navy's effort to reduce the critical backlog of maintenance and repair at facilities supporting readiness. The FY 1997 program of \$1,034 million includes price growth of \$26.6 million and program decreases of \$42.6 million from the FY 1996 funding level. Program decreases are the result of constrained resources.

Marine Corps

The Marine Corps is requesting \$344.8 million in FY 1996 for RPM in the O&M appropriation. These funds reflect a net increase of \$79.3 million from the FY 1995 funding level (\$7.3 million in price growth and a program increase of \$72 million). The program increase includes \$22 million for bachelor enlisted quarters maintenance and revitalization, \$9 million for quality of life maintenance on MWR facilities, and \$41 million to fund roof repairs, utility systems repairs, barracks repairs and other repairs to reduce deterioration of facilities. The FY 1997 program of \$312.2 million includes price growth of \$9.6 million and program decreases of \$42.2 million from the FY 1996 funding level. Program decreases are the result of constrained resources.

Air Force

The Air Force is requesting \$1,533 million in FY 1996 for RPM in the O&M appropriation. These funds reflect a net increase of \$401 million from the FY 1995 funding level (\$33 million in price growth and \$368 million in program growth). The program increase is due primarily to the Air Force's effort to constrain the BMAR and slow the deterioration of life facilities. This increased funding also reflects \$33 million to fund quality of life enhancements such as revitalization of barracks, child development centers and family support centers. The FY 1997 program of \$1,600 million includes price growth of \$46 million and net program growth of \$21 million from the FY 1996 funding level. This program increase is primarily for quality of life enhancements.

Defense-Wide

Defense-Wide activities are requesting \$169.8 million in FY 1996 for RPM in the O&M appropriation. These funds reflect a net increase of \$32.6 million from the FY 1995 funding level (\$4.0 million in price growth and \$28.6 million in program growth). The program increase is primarily for renovation of Department of Defense Dependents Education schools and replacement of heating and air conditioning units, plumbing, electrical systems, and other mechanical equipment because of their age and condition. The FY 1997 program of \$174.3 million represents a net increase of \$4.5 million from the FY 1996 funding level, essentially for price growth.

Defense Health Program (DHP)

The DHP is requesting \$354.1 million in FY 1996 for RPM in the O&M appropriation. These funds reflect a net increase of \$13.7 million from the FY 1994 funding level (\$10 million in price growth and \$3.7 million in program growth). The FY 1997 program of \$367.9 million represents a net increase of \$13.8 million from the FY 1996 funding level, essentially for price growth.

Guard and Reserve Forces

Guard and Reserve Forces are requesting \$283.3 million in FY 1996 for RPM in the O&M appropriation. These funds reflect a net decrease of \$43.6 million from the FY 1995 funding level. The FY 1997 Guard and Reserve Forces request of \$275.4 million represents a net decrease of \$7.9 million from the FY 1996 funding level. FY 1996 and FY 1997 program decreases reflect deferral of RPM projects to fund other high priority items such as OPTEMPO.

RECRUITING, ADVERTISING, AND EXAMINING

	FY 1994 Actual	FY 1995 Estimate	(\$ in Millions)		95-96 Change	96-97 Change
	FY 1994 Actual	FY 1995 Estimate	FY 1996 Estimate	FY 1997 Estimate	95-96 Change	96-97 Change
Army	223.0	258.1	275.7	283.7	+17.6	+8.0
Navy	112.2	118.6	122.8	131.7	+4.2	+8.9
Marine Corps	55.3	61.2	61.0	60.0	-0.2	-1.0
Defensewide	7.0	23.2	7.0	7.1	-16.2	+0.1
Defense Health Program	22.9	23.0	23.1	23.3	+0.1	+0.2
Air Force	44.5	47.0	47.9	48.3	+0.9	+0.4
Army Reserve	39.4	38.2	44.0	45.0	+5.8	+1.0
Navy Reserve	14.1	14.7	15.2	15.4	+0.5	+0.2
Marine Corps Reserve	7.2	7.3	7.6	7.8	+0.3	+0.2
Air Force Reserve	8.9	9.1	7.7	7.7	-1.4	0.0
Army National Guard	22.4	19.6	20.1	20.0	+0.5	-0.1
Air National Guard	4.6	4.8	5.0	5.1	+0.2	+0.1
Total	561.5	624.8	637.1	655.1	+12.3	+18.0

Recruiting

The recruiting funds provide support for recruiting commands and stations throughout the United States. Recruiting costs are for those items essential to the accomplishment of the recruiting mission, including meals, lodging, and travel of applicants, recruiter expenses, travel and per diem, civilian pay, vehicle operation and maintenance, and other incidental expenses necessary to support the recruiting mission.

Advertising

The advertising funds provide for local, regional, and national advertising to support the procurement and retention of quality enlisted and officer personnel. All advertising is designed to increase public awareness, portray opportunities, and generate recruit leads. The Services fund a media mix of advertising that includes television and radio; magazines and newspapers; direct mail campaigns; and recruiting booklets, pamphlets, and posters. The O&M, Defensewide appropriation funds common services for the Active and Reserve components to include providing unified lead lists and direct mail campaigns.

Examining

The examining funds provide support for the U.S. Military Entrance Processing Command (MEPCOM) which includes the Military Entrance Processing Stations (MEPS) that process all enlisted personnel entering on active duty. MEPCOM is a joint-Service organization. Each Service contributes military personnel based on its share of total budgeted accessions. The Army is the DoD Executive Agent for the command and provides the civilian staff. In addition the Army provides funds for the MEPCOM to administer the Armed Service Vocational Aptitude Battery (ASVAB) test. This administration includes both the production and institutional (high school) testing programs and the Mobile Examining Teams (MET) operating under MEPS direction. Funds also provide for automated data processing (ADP) requirements of MEPCOM and the Selective Service System at their shared Joint Computer Center.

The Defense Health Program finances the medical activities in the MEPS, primarily the examination of applicants to determine their medical qualifications for enlistment in the Armed Forces in accordance with eligibility standards established by the Service concerned. In addition the Defense Health Program includes funds for the Department of Defense Medical Evaluation Review Board which schedules and reviews physical examinations for the Service Academies and for the ROTC scholarship program.

Explanation of Changes

Funding in recruiting, advertising, and examining increases by \$12.3 million in FY 1996 and \$18.0 million in FY 1997. The Army's FY 1996 estimate for recruiting and advertising includes price growth of \$5.2 million and program growth of \$8.9 million as a result of increased accession missions and for the one-time purchase of test equipment for the Joint Recruiting Information Support System (JRISS). In FY 1997, the Army's estimate includes price growth of \$6.0 million offset by a \$.8 million decrease in program growth to reflect the one-time equipment purchase in FY 1996. The Navy's FY 1996 estimate

RECRUITING, ADVERTISING, AND EXAMINING

includes \$1.7 million of program growth for additional advertising for women and minorities and for additional medical, nuclear, and Navy ROTC applicant kits. In FY 1997 the Navy's program growth of \$5.0 million is primarily for the Joint Recruiting Information Support System (JRISS). The Army Reserve increase in FY 1996 is primarily the result of increased accessions. Increases in FY 1996 are partially offset by decreases in the Joint Recruiting Advertising Program (JRAP) and the Joint Market Research Program (JMRP) reflecting the one-time congressional increase for JRAP/JMRP in FY 1995. Increases in the examining program in both FY 1996 and FY 1997 reflect the increased accession missions across the Services. The remaining appropriation funding levels include minor changes from the previous year. The tables below show the total funds for recruiting, advertising, and examining by component.

RECRUITING

		(\$ in Millions)				
	FY 1994 Actual	FY 1995 Estimate	FY 1996 Estimate	FY 1997 Estimate	95-96 Change	96-97 Change
Total	321.7	351.2	365.7	375.6	+14.5	+9.9
Army	109.3	132.6	136.1	140.7	+3.5	+4.6
Navy	76.2	76.3	78.9	85.9	+2.6	+7.0
Marine Corps	43.6	46.7	49.8	48.3	+3.1	-1.5
Defensewide	0.7	2.6	0.9	0.7	-1.7	-0.2
Air Force	32.5	34.6	36.5	36.6	+1.9	+0.1
Army Reserve	25.3	25.8	30.8	30.8	+5.0	0.0
Navy Reserve	11.0	11.6	11.9	12.1	+0.3	+0.2
Marine Corps Reserve	4.8	4.7	4.9	4.9	+0.2	0.0
Air Force Reserve	4.2	4.7	4.1	4.1	-0.6	0.0
Army National Guard	12.1	9.2	9.4	9.0	+0.2	-0.4
Air National Guard	2.0	2.4	2.4	2.5	0.0	+0.1

RECRUITING, ADVERTISING, AND EXAMINING

ADVERTISING

	<u>FY 1994 Actual</u>	<u>FY 1995 Estimate</u>	<u>(\$ in Millions) FY 1996 Estimate</u>	<u>FY 1997 Estimate</u>	<u>95-96 Change</u>	<u>96-97 Change</u>
<u>Total</u>	<u>148.7</u>	<u>186.8</u>	<u>181.1</u>	<u>185.7</u>	<u>-5.7</u>	<u>+4.6</u>
Army	49.8	64.7	75.3	75.9	+10.6	+0.6
Navy	36.0	42.3	43.9	45.8	+1.6	+1.9
Marine Corps	11.7	14.5	11.2	11.7	-3.3	+0.5
Defensewide	6.3	20.6	6.2	6.3	-14.4	+0.1
Air Force	7.8	9.4	8.3	8.5	-1.1	+0.2
Army Reserve	14.1	12.4	13.2	14.2	+0.8	+1.0
Navy Reserve	3.0	3.1	3.3	3.3	+0.2	+0.0
Marine Corps Reserve	2.4	2.6	2.8	2.8	+0.2	0.0
Air Force Reserve	4.7	4.4	3.6	3.6	-0.8	0.0
Army National Guard	10.3	10.4	10.7	11.0	+0.3	+0.3
Air National Guard	2.6	2.4	2.6	2.6	+0.2	0.0

EXAMINING

<u>Total</u>	<u>91.0</u>	<u>86.8</u>	<u>90.5</u>	<u>93.6</u>	<u>+3.7</u>	<u>+3.1</u>
Army	63.9	60.8	64.3	67.1	+3.5	+2.8
Air Force	4.2	3.0	3.1	3.2	+0.1	+0.1
Defense Health Program	22.9	23.0	23.1	23.3	+0.1	+0.2

RECRUITING, ADVERTISING, AND EXAMINING

Enlisted Accession Requirements

	FY 1994 Actual	FY 1995 Estimate	FY 1996 Estimate	FY 1997 Estimate	95-96 Change	96-97 Change
Active Forces						
<u>Nonprior Service</u>						
Army	175,032	179,583	199,695	216,758	+20,112	+17,063
Navy	59,100	62,000	77,200	88,300	+15,200	+11,100
Marine Corps	53,964	51,185	56,059	55,526	+4,874	-533
Air Force	31,968	34,898	35,436	36,932	+538	+1,496
	30,000	31,500	31,000	36,000	-500	+5,000
<u>Prior Service</u>						
Army	8,712	10,862	10,050	10,050	-812	0
Navy	8,400	8,000	8,000	8,000	0	0
Marine Corps	182	2,062	2,000	2,000	-62	0
Air Force	110	750			-750	0
	20	50	50	50	0	0
Total Active Forces	183,744	190,445	209,745	226,808	+19,300	+17,063
Reserve Forces						
<u>Nonprior Service</u>						
Army Reserve	54,090	56,835	58,528	58,619	1,693	+91
Navy Reserve	18,695	19,751	22,748	20,932	+2,997	-1,816
Marine Corps Reserve	3,572	2,731	3,574	3,555	+843	-19
Air Force Reserve	5,869	5,237	6,090	6,380	+853	+290
Army National Guard	995	1,805	1,029	2,000	-776	+971
Air National Guard	22,526	24,260	22,324	23,012	-1,936	+688
	2,433	3,051	2,763	2,740	-288	-23
<u>Prior Service</u>						
Army Reserve	126,269	122,367	119,210	118,061	-3,157	-1,149
Navy Reserve	51,670	50,538	52,334	48,200	+1,796	-4,134
Marine Corps Reserve	17,346	13,532	17,817	17,731	+4,285	-86
Air Force Reserve	5,303	5,095	5,102	5,298	+7	+196
Army National Guard	7,906	7,952	5,688	7,060	-2,264	+1,372
Air National Guard	38,742	36,389	33,486	34,519	-2,903	+1,033
	5,302	8,861	4,783	5,253	-4,078	+470
Total Reserve Forces	180,359	179,202	177,738	176,680	-1,464	-1,058
Total Active and Res	364,103	369,647	387,483	403,488	+17,836	+16,005

SHIP OPERATIONS

	FY 1994 Actual	FY 1995 Estimate	(\$ in Millions)		FY 1997 Estimate	95-96 Change	96-97 Change
<u>Active Forces</u>							
Mission and Other Ship	1,968.2	1,894.5	1,885.2	1,907.4	-9.3	+22.2	
Operational Support							
and Training	429.9	498.1	462.4	484.8	-35.7	+22.4	
Intermediate Maint	465.6	434.9	401.8	407.5	-33.1	+5.7	
Depot Maintenance	1,729.3	2,385.7	2,261.2	1,985.2	-124.5	-276.0	
Depot Operations Spt	676.6	920.1	758.3	818.9	-161.8	+60.6	
Base Support	1,175.8	1,061.6	1,110.1	1,130.5	+48.5	+20.4	
Total Active	6,445.4	7,194.9	6,879.0	6,734.3	-315.9	-144.7	
<u>Reserve Forces</u>							
Mission and Other Ship	44.3	50.7	60.9	60.2	+10.2	-0.7	
Operational Support							
and Training	-	0.7	0.7	0.7	-	-3.5	
Intermediate Maint	20.1	20.9	24.0	20.5	+3.1	+9.1	
Depot Maintenance	26.7	52.7	70.8	79.9	+18.1	+0.4	
Depot Operation Spt	1.4	1.6	1.5	1.9	-0.1	+5.3	
Total Reserve	92.5	126.6	157.9	163.2	+31.3		
Grand Total	6,537.9	7,321.5	7,036.9	6,897.5	-284.6	-139.4	

Ship Operations funds the operating tempo (OPTEMPO), intermediate maintenance, depot level maintenance, training exercises, engineering support, logistical support, and base support to maintain and deploy combat ready ships to ensure control of the sea. From this category, the Navy funds such items as ship fuel, repair parts, administrative and housekeeping items required aboard ships, depot level maintenance at public and private shipyards, and fleet intermediate maintenance activities. In addition, this category includes the cost to charter logistics support and other ships from the Military Sealift Command (MSC) and includes payments to the Department of Energy (DOE) for consumed nuclear fuel and storage of expended nuclear cores.

For the active forces, FY 1996 funding decreases by \$316 million. The net decrease is composed of price growth of \$36 million and net program decreases of \$352 million. Program decreases are driven by reductions stemming from reduced forces, base closures and realignments, and reduced requirements for part of the Fleet Modernization Program.

FY 1997 funding decreases by \$145 million from the FY 1996 amount. The net decrease is composed of price growth of \$237 million and program decreases of \$382 million. The program declines consistent with the net reduction of seven ships in the Battle Force Ships inventory in FY 1997, which affects all activities funded within this mission area. The decrease in funding also reflects a change in the number and mix of scheduled depot maintenance availabilities.

The size of the deployable Battle Force continues to decline. The Battle Force Ships active ship inventory declines by a net of seven ships, 365 ships in FY 1996 to 358 ships in FY 1997. In FY 1996 the Navy plans to decommission or transfer to the reserve force status 32 active ships and will gain 24 new construction or conversion ships. During FY 1997, the Navy will decommission or transfer fifteen active ships and gain eight new construction or conversion ships in the active Battle Force Ships inventory.

Funding for the Naval Reserve Force (NRF) increases from FY 1995 to FY 1996 as a result of program increases of \$33.9 million offset by a price decrease of \$2.6 million. In FY 1997 NRF funding increases \$5.3 million as a result of a price increase of \$5.8 million and \$0.5 million in program decreases. Program increases in FY 1996 are due to full year funding for two tank landing ships (LST), operating tempo and maintenance for the USS John F. Kennedy (CV-67) and the operation of mine warfare ships (MCS, MCM and MHC). The FY 1997 program decrease is due to reduced maintenance requirements.

The Naval Reserve ship inventory (Mobilization Categories A and B) will increase from 20 to 21 ships in FY 1996. The Naval Reserve Battle Force Ships (Mobilization Category A) decreases from 19 to 18 ships while the Naval Reserve other ship force (Mobilization Category B) increases from one to three. In FY 1996 and FY 1997 the Naval Reserve battle force ships will consist of one aircraft carrier (CV), ten guided missile frigates (FFG), two amphibious ships (LST), one mine countermeasure command ship (MCS) and four mine countermeasure (MCM) ships. Other ship force assets will consist of three coastal minehunter (MHC) class ships in FY 1996. Force changes in FY 1996 include the decommissioning of four Reserve frigates (FFG), the transfer of two mine countermeasure ships to the reserve battle force ships, the transfer and conversion of the USS Inchon to the reserve battle force as the mine countermeasure command ship and the transfer of two coastal minehunters to the reserve other ship force. The Naval Reserve ship inventory

will increase to 25 in FY 1997 with the addition of four coastal minehunters (MHC) to the Naval Reserve other ship force.

<u>Ship Inventory (End Year)</u>	<u>FY 1994 Actual</u>	<u>FY 1995 Estimate</u>	<u>FY 1996 Estimate</u>	<u>FY 1997 Estimate</u>	<u>95-96 Change</u>	<u>96-97 Change</u>
Navy Active	312	296	293	288	-3	-5
MSC Charter/Support 1/	<u>63</u>	<u>58</u>	<u>54</u>	<u>52</u>	<u>-4</u>	<u>-2</u>
Battle Force Ships (Active)	375	354	347	340	-7	-7
Mobilization Category A	16	19	18	18	-1	-
Mobilization Category B	<u>0</u>	<u>1</u>	<u>3</u>	<u>7</u>	<u>+2</u>	<u>+4</u>
Naval Reserve Force	16	20	21	25	+1	+4
Total Battle Force Ships 2/	391	373	365	358	-8	-7

- 1/ Includes ammunition ships (TAE), store ships (TAF), combat store ships (TAFS), cargo ships (TAK), oilers (TAO), fleet ocean tugs (TATF), and surveillance ships (TAGOS).
 2/ Active Battle Force Ships plus Mobilization Category A.

The Navy will maintain a force of 12 aircraft carriers by the end of FY 1995, 11 in the active force and one in the reserve force. The training carrier USS Kennedy transferred to the reserve force in FY 1995 and serves as the primary carrier for pilot carrier qualification and as a unit fully ready to deploy on short notice. The USS Independence will continue to be forward deployed to Yokosuka, Japan. A phase out of afloat maintenance ships will commence as the Navy shifts to a greater reliance on shore intermediate maintenance. Three active force ships will transfer from the active forces to the reserve force during FY 1995.

Inventory losses during FY 1996 include seven nuclear attack submarines, one aircraft carrier, one nuclear cruiser, six guided missile fast frigates, two mine countermeasure vessels, and various (15) support and replenishment ships. This inventory loss is offset by new construction gains of one nuclear aircraft carrier, one TRIDENT submarine, six AEGIS guided missile destroyers, three nuclear attack submarines including the first Seawolf submarine, one amphibious dock landing ship and two MSC Oilers. Other gains are

SHIP OPERATIONS

from ship conversions. In FY 1997, 15 ships will be decommissioned. This inventory loss will be offset by six new construction ships and two conversions. The new construction ships are four AEGIS guided missile destroyers, one amphibious assault ship and the last TRIDENT submarine.

Battle Force Ships Inventory Adjustments by Category

Between FY 1995 and FY 1996

	<u>FY 1995 Ending Inventory</u>	<u>Gains</u>	<u>Losses</u>	<u>FY 1996 Inventory</u>
Strategic (SSBNs)	16	1	-	17
Carriers (Includes Reserve Carrier)	12	1	1	12
Surface Combatants	127	6	7	126
Submarines	84	3	7	80
Amphibious	41	3	-	44
Mine Warfare, Patrol	15	3	2	16
Mobile/Combat Logistic Spt	43	4	6	41
Support Ships	<u>35</u>	<u>3</u>	<u>9</u>	<u>29</u>
Total	373	24	32	365

Between FY 1996 and FY 1997

	<u>FY 1996 Ending Inventory</u>	<u>Gains</u>	<u>Losses</u>	<u>FY 1997 Inventory</u>
Strategic (SSBNs)	17	1	-	18
Carriers (Includes Reserve Carrier)	12	-	-	12
Surface Combatants	126	4	1	129
Submarines	80	-	7	73
Amphibious	44	1	1	44
Mine Warfare, Patrol	16	-	-	16
Mobile/Combat Logistic Support	41	2	2	41
Support Ships	<u>29</u>	<u>-</u>	<u>4</u>	<u>25</u>
Total	365	8	15	358

Operating Tempo

Sustaining the ship operating tempo is critical to meet the global forward deployed missions and overseas presence commitments of the deployed fleet and to maintain a combat ready and rapidly deployable force in the non-deployed fleet. Operating tempo goals are budgeted to support an average of 50.5 underway days per quarter for the deployed forces and 29 underway days per quarter for the non-deployed forces.

Funded OPTempo goals are shown on the following table. In FY 1994 the OPTempo of the deployed fleet exceeded the goal of 50.5 days per quarter because of contingency operations in support of actions in Bosnia, Somalia, Southwest Asia and Korea. The non-deployed fleet also exceeded its goal of 29 days per quarter because of operations around Haiti and Cuba. A supplemental appropriation, reprogrammings from other Navy appropriations, and internal realignments within Navy O&M were necessary to fund this increased operating tempo.

	FY 1994 <u>Actual</u>	FY 1995 <u>Goal</u>	FY 1996 <u>Goal</u>	FY 1997 <u>Goal</u>	95-96 <u>Variance</u>	96-97 <u>Variance</u>
<u>Operating Tempo (Underway Days Per Quarter)</u>						
Non-deployed Fleet	32	29	29	29	-	-
Deployed Fleet	55.8	50.5	50.5	50.5	-	-
Reserve Fleet except CV	18	18	18	18	-	-
Naval Reserve Force (CV) 1/	-	-	31	31	+31	-

1/ The reserve carrier, USS Kennedy, is undergoing a depot maintenance overhaul during FY 1994 and FY 1995. The overhaul is scheduled for completion in September 1995, at which time the carrier will make a homeport change from Norfolk, Virginia to Mayport, Florida. Regular operating tempo will begin in FY 1996.

Ship Years/Operating Months

A ship year measures the inventory of ships and the portion of a year they remain in the fleet. For example, a ship delivered in March of FY 1994 would be reflected as 0.5 ship years in FY 1994. A ship operating month reflects the part of a year a ship is fully available for missions in a given fiscal year. The complement of operating months is

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repair months. For example, a ship not available for missions while undergoing a three month repair would have 0.75 ship operating months (9 months/12 months) and 0.25 repair months. When summarized against the total force, ship operating months more accurately represent the availability of the ship battle force than either actual inventory at the end of the fiscal year or ship years. Ship years and operating months continue to decrease in the active force as the force structure declines.

Ship Years	FY 1994 Actual	FY 1995 Estimate	FY 1996 Estimate	FY 1997 Estimate	95-96 Change	96-97 Change
(Less Charter Ships)						
Conventional	236	214	204	202	-10	-2
Nuclear	118	112	108	98	-4	-10
Reserve	27	17	20	23	+3	+3
Operating Months						
(Less Charter Ships)						
Conventional	2,455	2,189	2,122	2,063	-67	-59
Nuclear	1,262	1,214	1,166	1,141	-48	-25
Reserve	293	186	221	248	+35	+27

Underway Steaming Hours

The following table display the total number of hours ships in the battle force are underway. Total steaming hours are decreasing with the force structure and are dependent upon operating tempo and ship years. Generally, fuel consumed will change directly with steaming hours.

Underway Steaming Hours (Thousands)	FY 1994 Actual	FY 1995 Estimate	FY 1996 Estimate	FY 1997 Estimate	95-96 Change	96-97 Change
Conventional	600,749	543,433	532,645	506,479	-10,788	-26,166
Nuclear	356,534	295,156	279,769	126,863	-15,387	-152,906
Reserve	41,322	24,244	27,693	29,867	+3,449	+2,174

Ship Depot Level Maintenance

Depot level maintenance requires skills or facilities beyond the ability of organizational and intermediate level maintenance activities. Depot level maintenance is performed by naval shipyards, private shipyards, naval ship repair facilities, or item depot activities. During the repair, alterations and modifications to the ship's military and technical capabilities may also be accomplished. The majority of planned depot level maintenance may be categorized as overhauls, selected restricted availabilities or phased maintenance availabilities.

Overhauls involve major repairs and modernization and normally exceed a 6 month duration. Overhaul of nuclear powered ships may include refueling, however the refueling of nuclear aircraft carriers is funded through the Navy Ship Building and Conversion (SCN) appropriation. Selected restricted availabilities (SRA) are short labor intensive repair and modernization efforts but are less extensive than an overhaul. Phased maintenance and modernization (PMA) are also short labor intensive repair and modernization efforts, but are usually of a shorter duration than an SRA and are designed to provide more operational time for the ship. Depending upon the maintenance philosophy established for a class of ship, a ship will undergo either overhauls, SRAs, or PMAs as part of its maintenance cycle.

The table below shows the number of major depot level maintenance availabilities.

<u>Depot Level Maintenance</u> <u>Availabilities</u>	<u>FY 1994</u> <u>Actual</u>	<u>FY 1995</u> <u>Estimate</u>	<u>FY 1996</u> <u>Estimate</u>	<u>FY 1997</u> <u>Estimate</u>	<u>95-96</u> <u>Change</u>	<u>96-97</u> <u>Change</u>
Active						
Overhauls	7	10	8	6	-2	-2
Selected Restricted Avail.	28	21	23	20	+2	-3
Phased Maintenance Avail.	67	60	69	71	+9	+2
Floating Dry Dock Avail.	3	2	2	3	-	+1
Reserve						
Selected Restricted Avail.	6	4	4	4	-	-
Phased Maintenance Avail.	1	1	3	6	+2	+3

Naval Stations

The number of naval stations funded in ship operations increased by one in FY 1994 with the opening of NS Everett. Naval Station Mobile and Naval Station Staten Island close in FY 1995. In FY 1996, Philadelphia Naval Station, Charleston Naval Station and Mare Island Naval Shipyard will close followed by closure in FY 1997 of Philadelphia Naval Base, Puget Sound Naval Station and Charleston Naval Shipyard. For consistency an installation/base has been defined as an activity which maintains and operates a Navy Real Property Inventory (RPI) with direct O&MN funding.

	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>95-96</u>	<u>96-97</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>
<u>Base Support (Number of Naval Stations)</u>						
CONUS	33	31	28	25	-3	-3
Overseas	9	9	9	9	-	-

SPECIAL OPERATIONS FORCES (SOF)

(\$ in Millions)					
FY 1994	FY 1995	FY 1996	FY 1997	96-97	
<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>	
Defense-Wide (USSOCOM)	1,024.9	987.8	1,018.5	1,047.4	+30.7
					+28.9

The U. S. Special Operations Command (USSOCOM) is a unified command with worldwide responsibilities to train, maintain, and provide Special Operations Forces (SOF) in support of the contingency plans developed by the five regionally oriented unified commands (USEUCOM, USCENCOM, USPACOM, USACOM, and USSOUTHCOM). When directed by the President, USCINCSOC will assume command of a special operation anywhere in the world. USSOCOM's Army forces include special forces, Rangers, short to medium range infiltration/exfiltration aircraft, civil affairs specialists, and psychological operations specialists. Navy forces consist of SEAL (Sea, Air, Land) Teams, Patrol Coastal ships, and special boat units. The Air Force special operation units provide medium to long range air infiltration/exfiltration aircraft, specially equipped gun ships, and aerial refueling capability. USSOCOM is the only operational command within DoD directly responsible for determining its own force structure and related materiel requirements, procuring the SOF unique equipment, training, and deploying its own units.

The resources identified directly support SOF units' training, deployments, reaction to contingency requirements, and the day-to-day costs involved in operating USSOCOM's Army, Navy, and Air Force Special Operations units. Included are costs associated with mission enhancements, fielding of SOF equipment, depot maintenance of SOF unique equipment, combat development activities, and force structure changes. The special operations schools (John F. Kennedy Special Warfare Center and School, Fort Bragg, NC; Naval Special Warfare Center at Coronado, CA; and the Air Force Special Operations School at Hurlburt Field, FL) and training development and support activities are also supported. Also included is operation and maintenance funding associated with acquisition of advanced special operations forces equipment and the operation of management headquarters (USSOCOM Headquarters and staff, Naval Special Warfare Command, the U.S. Army Special Operations Command, and the Air Force Special Operations Command).

SPECIAL OPERATIONS FORCES (SOF)

In FY 1996 the budget request reflects transfers of \$32.4 million as a result of the change in policy to fund base level equipment, regardless of unit cost, in operating accounts (\$16.5 million) and alignment of funding responsibilities for sustaining engineering (\$12.1 million), aircraft command and control (\$1.6 million), equipment sustainment (\$1.5 million), management engineering (\$.4 million), and for aviation support (\$.3 million). Exclusive of the transfers, the budgeted increase in FY 1996 reflects projected price growth of \$3.1 million and a net program reduction of \$4.8 million. The net reduction consists of program increases totaling \$56.7 million which includes increased flying operations (\$6.5 million), support for the introduction of the Mark V Patrol boat and other increased ship and boat operations (\$5.4 million), support for naval warfare and special forces (\$5.4 million), and support for counterdrug activities previously transferred (\$3.0 million). Other program increases are for enhancing intelligence/communications capabilities (\$7.0 million), expanding acquisition activities for tactical and intelligence systems (\$11.1 million), operational support (\$2.9 million), management and systems support (\$2.3 million); increasing sustainment for maintenance of systems (\$11.6 million), training and administrative support (\$1.2 million), and one additional compensable day (\$.3 million). The program increases are offset by \$61.5 million in program reductions. The decreases include reductions in flying operations (\$10.1 million); reductions to classified programs (\$5.3 million); participation in exercises and joint training opportunities (\$2.3 million); a one-time purchase for other support activities (\$12.5 million); intelligence/communications activities (\$10.1 million); acquisition activities (\$12.2 million); operational decreases (\$2.4 million); and headquarters, maintenance, and training savings (\$6.6 million).

In FY 1997 the budget request reflects transfers of \$1.8 million for underwater and digital information equipment (\$1.0 million) and to support the Medical Training Center (\$.8 million). Exclusive of the transfers, the budgeted increase in FY 1997 reflects projected price growth of \$27.0 million and a net program increase of \$.2 million. The net program increase consists of program growth totaling \$31.7 million which includes increases for flying operations (\$1.7 million), support for ship and boat operations (\$7.6 million), naval special forces equipment (\$5.1 million), combat development equipment (\$6.6 million), operational action activities (\$4.1 million), cyclical maintenance (\$1.2 million), training and administration support (\$1.2 million), communications and intelligence increases (\$.6 million), management and headquarters support (\$1.2 million), and acquisition support for tactical/intelligence systems (\$2.4 million). These program increases are offset by \$31.5 million in program reductions to include reduced flying operations (\$3.9 million); decreased combat development activities (\$18.3 million); reduced sustainment (\$8.3 million) for communications, maintenance, and associated activities; and decreased training operations (\$1.0 million).

Manpower

(End Strength)

ACTIVE PERSONNEL	FY 1994 Actual	FY 1995 Estimate	FY 1996 Estimate	FY 1997 Estimate	95-96 Change	96-97 Change
Army	14,932	15,583	15,446	15,511	-137	+65
Navy	4,539	4,653	4,954	5,002	+301	+48
Marine Corps	48	48	50	49	+2	-1
Air Force	8,593	9,064	9,251	9,251	+187	-
Total Active	28,112	29,348	29,701	29,813	+353	+112
RESERVE PERSONNEL						
Army Reserve	9,271	7,810	7,810	7,810	-	-
Navy Reserve	1,337	1,337	1,337	1,337	-	-
Air Force Reserve	1,118	1,113	1,105	1,105	-8	-
Army National Guard	1,584	2,870	2,870	2,870	-	-
Air National Guard	830	825	825	825	-	-
Total Reserve	14,140	13,955	13,947	13,947	-8	-
TOTAL MILITARY PERS	42,252	43,303	43,648	43,760	+345	+112
CIVILIAN PERSONNEL						
Army	1,320	1,273	1,246	1,247	-27	+1
Navy	191	204	232	232	+28	-
Air Force	1,284	1,376	1,271	1,271	-105	-
Total	2,795	2,853	2,749	2,750	-104	+1
Flying Hours						
Aircraft	270	283	265	255	-18	-10
Flying Hours (in 000)	93.6	94.0	94.1	94.5	+1	+4
Cost (\$ in millions)	189.0	187.7	181.0	188.7	-6.7	+7.7

TRAINING AND EDUCATION

	FY 1994 Actual	FY 1995 Estimate	FY 1996 Estimate	(\$ in Millions) FY 1997 Estimate	95-96 Change	96-97 Change
Army	2,104.6	2,300.4	2,374.9	2,432.7	+74.5	+57.8
Navy	1,365.1	1,421.2	1,336.3	1,359.3	-84.9	+23.0
Marine Corps	209.7	221.9	250.0	249.5	+28.1	-0.5
Air Force	1,330.8	1,274.3	1,414.7	1,447.3	+140.4	+32.6
Defense Health Program (DHP)	222.4	224.8	216.0	225.9	-8.8	+9.9
Total	5,232.6	5,442.6	5,591.9	5,714.7	149.3	122.8

Funds provide for the training and educational requirements of military personnel including the costs of staff, curricula, equipment, and services. The principal effort is to acquire and maintain a trained force of personnel able to effectively man and support our units, ships, aircraft, and installed weapon systems. To accomplish this goal, resources are required to operate and finance a wide range of training centers, Service schools and colleges, DoD and joint-Service schools, Reserve Officer Training Corps (ROTC) units, Service academies, the Health Professional Scholarship Program (HPSp) and the Uniformed Services University of Health Services (USUHS). The above figures also include base support activities.

The following table summarizes the financial data displayed above by various training categories.

Training and Education by Category by Service

	FY 1994 Actual	FY 1995 Estimate	FY 1996 Estimate	(\$ in Millions) FY 1997 Estimate	95-96 Change	96-97 Change
<u>Recruit Training</u>						
Army 1/	21.6	25.6	28.2	31.4	+2.6	+3.2
Navy	5.2	4.4	4.7	5.0	+0.3	+0.3
Marine Corps	5.5	8.0	7.3	7.7	-0.7	+0.4
Air Force	5.7	4.1	3.9	3.9	-0.2	0.0
Total	38.0	42.1	44.1	48.0	+2.0	+3.9
<u>Specialized Skill Training</u>						
Army	205.4	240.2	236.8	245.5	-3.4	+8.7
Navy	214.2	226.9	212.1	211.2	-14.8	-0.9
Marine Corps	23.9	21.9	25.1	21.7	+3.2	-3.4
Air Force	193.6	197.2	204.5	198.1	+7.3	-6.4
DHP	90.2	88.1	84.7	86.0	+3.4	+1.3
Total	727.3	774.3	763.2	762.5	-11.1	-0.7
<u>Professional Development</u>						
Army	69.2	87.0	69.0	80.8	-18.0	+11.8
Navy	55.6	55.3	61.2	67.1	+5.9	+5.9
Marine Corps	5.3	5.7	5.8	6.0	+0.1	+0.2
Air Force	80.1	78.6	78.7	72.7	+0.1	-6.0
DHP	1.8	1.8	1.8	1.8	0.0	0.0
Total	212.0	228.4	216.5	228.4	-11.9	+11.9

1/ Includes Army One Station Unit Training (OSUT).

TRAINING AND EDUCATION

	FY 1994 Actual	FY 1995 Estimate	FY 1996 Estimate	(\$ in Millions) FY 1997 Estimate	95-96 Change	96-97 Change
<u>Officer Acquisition</u>						
Army	51.1	54.2	58.3	61.9	+4.1	+3.6
Navy	55.7	61.0	66.8	68.7	+5.8	+1.9
Marine Corps	0.2	0.2	0.2	0.2	0.0	0.0
Air Force	40.2	46.6	49.2	50.7	+2.6	+1.5
DHP	<u>130.4</u>	<u>134.9</u>	<u>129.4</u>	<u>138.1</u>	<u>-5.5</u>	<u>+8.7</u>
Total	277.6	296.9	303.9	319.6	+7.0	+15.7
<u>Senior ROTC</u>						
Army	108.7	111.0	109.8	113.5	-1.2	+3.7
Navy	55.3	60.7	64.8	69.0	+4.1	+4.2
Air Force	<u>31.3</u>	<u>37.2</u>	<u>39.2</u>	<u>40.9</u>	<u>+2.0</u>	<u>+1.7</u>
Total	195.3	208.9	213.8	223.4	+4.9	+9.6
<u>Flight Training</u>						
Army	215.2	267.1	218.5	218.1	-48.6	-0.4
Navy	291.5	308.1	273.0	296.7	-35.1	+23.7
Marine Corps	0.1	0.2	0.2	0.2	0.0	+ 0.0
Air Force	<u>330.4</u>	<u>274.7</u>	<u>337.0</u>	<u>355.0</u>	<u>+62.3</u>	<u>+18.0</u>
Total	837.2	850.1	828.7	870.0	-21.4	+41.3

TRAINING AND EDUCATION

	<u>FY 1994 Actual</u>	<u>FY 1995 Estimate</u>	<u>FY 1996 Estimate</u>	(\$ in Millions) <u>FY 1997 Estimate</u>	<u>95-96 Change</u>	<u>96-97 Change</u>
<u>Training Support</u>						
Army	393.1	354.3	375.5	374.8	+21.2	-0.7
Navy	142.3	132.8	125.2	119.8	- 7.6	-5.4
Marine Corps	66.1	70.4	75.0	76.7	+4.6	+1.7
Air Force	<u>82.6</u>	<u>71.0</u>	<u>65.1</u>	<u>64.2</u>	<u>-5.9</u>	<u>-0.9</u>
Total	684.1	628.5	640.8	635.5	+12.3	-5.3
<u>Base Support</u>						
Army	1,040.4	1,160.9	1,278.8	1,306.6	+117.9	+27.8
Navy	545.3	572.0	528.5	521.8	-43.5	-6.7
Marine Corps	108.6	115.5	136.3	136.9	+20.8	+0.6
Air Force	<u>566.9</u>	<u>564.1</u>	<u>637.1</u>	<u>661.8</u>	<u>+73.0</u>	<u>+24.7</u>
Total	2,261.2	2,412.5	2,580.7	2,627.1	+168.2	+46.4

TRAINING AND EDUCATION

Work Load Indicators

FY 1994 Actual

Flying Hours (in Thousands)

Training Workload

Recruit Training
One Station Unit Training
Initial Skill & Skill
Progression
Officer Acquisition
Flight Training
Professional Development

<u>Army</u>	<u>Navy</u>	<u>Marine Corps</u>	<u>Air Force</u>	<u>Defense Health Program</u>	<u>Total</u>
<u>273.2</u>	<u>271.4</u>	-	<u>379.6</u>	-	<u>924.2</u>
55,073	42,629	17,338	25,552	17,716	158,308
<u>9,553</u>	<u>9,440</u>	<u>7,078</u>	<u>3,760</u>	-	<u>29,831</u>
8,024	-	-	-	-	8,024
30,035	24,122	8,645	10,925	12,673	86,400
4,396	4,636	292	4,494	4,716	18,534
1,062	1,671	-	1,220	-	3,953
2,003	2,760	1,323	5,153	327	11,566

FY 1995 Estimate

Flying Hours (in Thousands)

Training Workloads

Recruit Training
One Station Unit Training
Initial Skill & Skill
Progression
Officer Acquisition
Flight Training
Professional Development

<u>Army</u>	<u>Navy</u>	<u>Marine Corps</u>	<u>Air Force</u>	<u>Defense Health Program</u>	<u>Total</u>
<u>251.9</u>	<u>265.5</u>	-	<u>364.1</u>	-	<u>881.5</u>
63,024	41,587	19,849	31,191	18,078	173,729
<u>11,437</u>	<u>8,705</u>	<u>8,696</u>	<u>4,204</u>	-	<u>33,042</u>
8,976	-	-	-	-	8,976
35,064	23,692	9,327	16,144	13,027	97,254
4,192	4,638	328	4,518	4,738	18,414
1,119	1,858	-	1,456	-	4,433
2,236	2,694	1,498	4,869	313	11,610

TRAINING AND EDUCATION

Work Load Indicators (Continued)

<u>FY 1996 Estimate</u>	<u>Army</u>	<u>Navy</u>	<u>Marine Corps</u>	<u>Air Force</u>	<u>Defense Health Program</u>	<u>Total</u>
<u>Flying Hours (in Thousands)</u>	<u>224.4</u>	<u>266.8</u>	<u>-</u>	<u>397.0</u>	<u>-</u>	<u>888.2</u>
<u>Training Workloads</u>						
Recruit Training	64,082	43,345	21,338	30,827	17,436	177,028
One Station Unit Training	12,630	9,634	9,408	4,147	-	35,819
Initial Skill & Skill Progression	9,601	-	-	-	-	9,601
Officer Acquisition	34,673	24,597	10,119	15,695	12,686	97,770
Flight Training	4,082	4,503	312	4,484	4,437	17,818
Professional Development	1,080	1,928	-	1,663	-	4,671
	2,016	2,683	1,499	4,838	313	11,349
<u>FY 1997 Estimate</u>	<u>224.3</u>	<u>274.4</u>	<u>-</u>	<u>432.8</u>	<u>-</u>	<u>931.5</u>
<u>Flying Hours (in Thousands)</u>						
<u>Training Workloads</u>						
Recruit Training	67,169	43,223	21,506	32,674	17,037	181,609
One Station Unit Training	13,884	9,520	9,449	4,712	-	37,565
Initial Skill & Skill Progression	10,515	-	-	-	-	10,515
Officer Acquisition	35,565	24,559	10,222	16,781	12,599	99,726
Flight Training	4,030	4,467	336	4,586	4,125	17,544
Professional Development	1,029	1,971	-	1,762	-	4,762
	2,146	2,706	1,499	4,833	313	11,497

Note: Includes Guard and Reserve Forces when training is the mission responsibility of the Active Component.

Funding for Training and Education increases by \$149.3 million in FY 1996 and \$122.8 million in FY 1997. In FY 1996, the increase is primarily in base support and in FY 1997 the increase is primarily in flight training and base support. The major changes for each area are discussed below.

TRAINING AND EDUCATION

Recruit Training increases in FY 1996 and FY 1997 primarily as a result of increased accessions in the Army and Navy. Air Force declines in FY 1996 to reflect a decrease in accessions and in FY 1997 to reflect the streamlining of service contracts.

Specialized Skill Training decreases by \$11.1 million in FY 1996 primarily because of force structure drawdowns in the Navy and because of the Army's initiative to redesign and eliminate courses thereby reducing course length. These decreases are partially offset by increases in the Marine Corps for one-time implementation costs for the Military Training Schools consolidation and the Air Force's initiative to reduce on-the-job training by increasing the number of people receiving formal education and training. Decreases in FY 1997 reflect the completion of the Marine Corps school consolidation and completion of the Air Force course development and training force structure changes associated with the "Year of Training." The decreases are partially offset by increases in the Army workload as the number of accessions grows.

Professional Development decreases in FY 1996 primarily as a result of completion of the furnishing purchases and move into Eisenhower Hall at the Army's Command and General Staff College at Ft. Leavenworth. In addition, the Army is reorganizing internal operations of the various schools to accomplish the mission with fewer resources. The Army's professional development program increases in FY 1997 to finance the renovation of two buildings at the National Defense University. The Navy's professional development program increases in FY 1996 as a result of the change in policy to fund base level equipment, regardless of unit cost in the operating accounts. The increase in the Navy estimate in FY 1997 is for additional equipment purchases. The Air Force program reflects a program decrease in both years because of force structure drawdowns and a change in attendance policy for enlisted personnel.

Officer Acquisition increases in both FY 1996 and FY 1997. The Army increases are the result of civilianization of the faculty at the U.S. Military Academy. The Navy increases are attributable to the change in funding policy for base level equipment. The Defense Health Program decreases in FY 1996 as a result of downsizing of the force structure and improved business practices. The increase in FY 1997 reflects price growth and an increase in the number of Health Professional Scholarships offset by the phasing out of the USUHS and improved business practices.

Flight Training decreases by \$21.4 million in FY 1996 and increases by \$41.3 million in FY 1997. The decrease in the Army program in FY 1996 reflects the transition to a new lower cost training helicopter, a decrease in the operating cost of the current trainer, and a reduction in workload. In addition, the Army reduction reflects completion of the one-time FY 1995 cost for helicopter training for Israel. The Army's FY 1997 decrease

TRAINING AND EDUCATION

reflects a reduction in workload. The Navy decrease in FY 1996 reflects a reduction in maintenance contracts for the T-39N aircraft. The increase in FY 1997 is the result of increased workload as the Navy returns to a steady state of pilot production (the Navy had reduced pilot production during the drawdown). The Air Force increase in both FY 1996 and FY 1997 reflects increased pilot training requirements. For the past several years, the Air Force has been filling many cockpits with pilots that had been banked instead of pilots directly from pilot training. The pilots from the bank have been absorbed and the Air Force must now produce additional pilots directly from the training program. Increased funding also supports delivery of additional T1A Jayhawk aircraft for tanker/transport pilot training (the Air Force is in the process of implementing a specialized undergraduate pilot training program with a separate track for tanker/transport pilots) as well as support for a new simulator and aircraft maintenance.

Training Support increases by \$12.3 million in FY 1996 and decreases by \$5.3 million in FY 1997. The Army increase in FY 1996 includes price growth of \$33.3 million offset by a decrease of \$10.4 million as a result of force structure reductions. In FY 1997, the Army reduction is the result of funding constraints. The Navy reductions in both years are the result of force structure decreases. The Marine Corps increases reflect operation and maintenance support of simulators for new training devices and additional travel and per diem costs as a result of increased workload. The Air Force reduction reflects a decrease in the number of Field Training Detachments (FTD) as transition to formal schoolhouse training continues as well as streamlining of infrastructure and overhead functions.

Base Support increases in FY 1996 by \$168.2 million and in FY 1997 by \$46.4 million. The increases for the Army and Marine Corps reflect improvements in quality of life programs and emphasis on environmental compliance projects. The Air Force increases reflect a realignment of funding for the Defense Finance and Accounting Service (DFAS). The decreases for the Navy reflect completions of phases of the renovation of Bancroft Hall at the Naval Academy as well as reduced force structure and efficiencies. In FY 1997, the Army increase is primarily for price growth and is offset by program decreases as a result of funding constraints.

TRANSPORTATION

	(\$ in Millions)				
	FY 1994 Actual	FY 1995 Estimate	FY 1996 Estimate	FY 1997 Estimate	95-96 Change
Army	597.3	541.1	543.0	530.7	+1.9
Navy	201.7	144.3	147.1	153.8	+2.8
Marine Corps	37.4	38.1	37.3	45.2	-0.8
Air Force	242.1	230.5	221.6	194.0	-8.9
Defensewide	337.4	342.5	447.2	429.2	+104.7
Army Reserve	4.0	4.0	3.0	3.0	-1.0
Navy Reserve	.8	.8	.8	.8	-
Marine Corps Res	6.0	5.4	5.4	5.5	-
Air Force Reserve	2.7	1.4	1.4	1.4	-
Army National Gd	8.5	9.9	17.8	17.5	+7.9
Air National Gd	11.8	12.1	12.8	13.5	+0.7
Total	1,449.7	1,330.1	1,437.4	1,394.6	+107.3
					-42.8

Transportation costs provide for the movement of materiel between contractors' plants, military logistics centers and field activities on a worldwide basis. The increase in transportation requirements between FY 1995 and FY 1996 is primarily attributable to the Joint Chiefs of Staff Exercise Program as reflected by the increased funding in the Defensewide account. The JCS Exercise program increase is due to transportation rate increases and increased program requirements to maintain a minimum level of support CINC requirements. Other increases occur due to base closure movements and unit realignments as offset by the continuing infrastructure downsizing and force structure reductions. The FY 1996 First Destination Transportation (FDT) program reflects a slight reduction in movement of operation and maintenance purchased items, after accounting for pricing changes. After accounting for pricing changes, Second Destination Transportation (SDT) costs are reduced in FY 1996 due to continuing force structure reductions and infrastructure downsizing. The Army National Guard program increases due to the transfer of missions and related equipment from the Army Reserve due to force structure and modernization changes. The FY 1997 changes reflect the phasing of residual movements of base closure assets and overseas munitions movements resulting from unit relocations, deactivations, and reorganizations.

TRANSPORTATION

First Destination Transportation (FDT)

First Destination Transportation (FDT) amounts support transportation costs associated only with Operation and Maintenance (O&M) purchased items for delivery directly from the manufacturer. Transportation costs for delivery of procurement funded weapon systems and equipment or supplies and equipment purchased through the Defense Business Operations Fund are not included here. FDT amounts are summarized below:

	(\$ in Millions)				
	FY 1994 Actual	FY 1995 Estimate	FY 1996 Estimate	FY 1997 Estimate	95-96 Change
<u>Total - FDT</u>	<u>42.5</u>	<u>40.2</u>	<u>41.7</u>	<u>43.5</u>	<u>+1.5</u>
<u>Major Commodity</u>					
Military Supplies & Equipment	42.5	40.2	41.7	43.5	+1.5
					+1.8
<u>Mode of Shipment</u>					
Military Commands:	16.4	14.6	15.7	16.8	+1.1
Airlift	6.5	6.6	6.8	6.8	+0.2
Sealift	7.6	5.6	6.5	7.4	+0.9
Traffic Mgmt	2.3	2.4	2.4	2.6	+0.2
					-
Commercial:	26.1	25.6	26.0	26.7	+0.7
Air	4.0	1.1	1.1	1.1	-
Surface	22.1	24.5	24.9	25.6	+0.7

TRANSPORTATION

TRANSPORTATION

Second Destination Transportation (SDT)

SDT provides for the movement of equipment and materiel among and between depots, logistics centers, and field activities including: retrograde cargo; Post Office mail; strategic missiles; support of classified and special programs; spare parts and other cargo by either military airlift and sealift worldwide, commercial surface transportation or commercial air carriers operating daily flights over regular routes within the Continental United States and Alaska; accessorial transportation services such as port handling and vessel per diem, retention and demurrage charges; and other cargo. The following table summarizes SDT amounts.

	(\$ in Millions)					
	FY 1994 <u>Actual</u>	FY 1995 <u>Estimate</u>	FY 1996 <u>Estimate</u>	FY 1997 <u>Estimate</u>	95-96 <u>Change</u>	96-97 <u>Change</u>
Total - SDT	1,407.2	1,289.9	1,395.7	1,351.1	+105.8	-44.6

Major Commodity

Military Supplies and Equipment	1,034.2	961.7	1,068.2	1,022.4	+106.5	-45.8
Overseas Mail	182.4	178.7	173.3	174.9	-5.4	+1.6
Subsistence	11.8	12.5	14.0	14.1	-1.5	+0.1
Base Exchanges	178.8	137.0	140.2	139.7	+3.2	-0.5

Mode of Shipment

Military Commands:	952.6	874.1	975.1	946.1	+101.0	-29.0
Airlift	362.8	346.8	415.0	391.1	+68.2	-23.9
Sealift	421.9	344.3	377.1	374.5	+32.8	-2.6
Traffic Mgmt	167.9	183.0	183.0	180.5	-	-2.5
Commercial:	454.6	415.8	420.6	405.0	+4.8	-15.6
Air	204.1	176.6	179.0	180.7	+2.4	+1.7
Surface	250.5	239.2	241.6	224.3	+2.4	-17.3

KEY ACTIVITY INDICATORS

<u>Army</u>	<u>FY 1994 Actual</u>	<u>FY 1995 Estimate</u>	<u>FY 1996 Estimate</u>	<u>FY 1997 Estimate</u>
Active Duty Military Personnel (End Strength)	541,343	510,000	495,000	495,000
Civilian Personnel (O&M End Strength)	174,811	169,849	158,166	153,603
Aircraft Inventory, End FY	3,471	3,376	2,995	2,603
Flying Hours (000's)	818	812	702	650
Training Workloads	55,073	63,024	64,082	67,169
Major Installations	194	191	187	187
 <u>Navy</u>				
Active Duty Military Personnel (End Strength)	468,662	439,200	428,000	409,400
Civilian Personnel (O&M End Strength)	89,821	89,520	88,425	85,330
Aircraft Inventory, End FY	3,607	3,361	3,286	3,191
Flying Hours (000's)	1,399	1,388	1,346	1,333
Ship Inventory	391	373	365	358
Steaming Hours (000's)	957	839	812	633
Training Workloads	48,429	47,750	49,508	49,386
Major Installations	136	130	119	115
 <u>Marine Corps</u>				
Active Duty Military Personnel (End Strength)	174,158	174,000	174,000	174,000
Civilian Personnel (O&M End Strength)	15,987	16,173	16,256	16,329
Training Workloads	17,338	19,849	21,338	21,506
Major Installations	23	23	23	23

KEY ACTIVITY INDICATORS

Air Force

	<u>FY 1994 Actual</u>	<u>FY 1995 Estimate</u>	<u>FY 1996 Estimate</u>	<u>FY 1997 Estimate</u>
Active Duty Military Personnel (End Strength)	426,327	400,051	388,200	385,400
Civilian Personnel (O&M End Strength)	95,699	102,518	99,904	96,414
Aircraft Inventory, End FY	3,284	3,454	3,339	3,343
Flying Hours (000's)	1,474	1,403	1,376	1,414
Training Workloads	25,552	31,191	30,827	32,674
Major Installations	93	85	80	78

Army Reserve

Total Selected Reserve Strength (End Strength)	259,856	242,000	230,000	215,000
Civilian Personnel (O&M End Strength)	9,439	10,618	10,590	10,486
(Technicians Included Above)	(6,295)	(6,591)	(6,409)	(6,309)
Aircraft Inventory, End FY	640	631	542	159
Flying Hours (000's)	76	80	48	34
Reserve Centers	1,163	1,162	1,113	1,113

Navy Reserve

Total Selected Reserve Strength (End Strength)	107,627	100,710	98,608	96,402
Civilian Personnel (O&M End Strength)	2,721	2,672	2,637	2,629
(Technicians Included Above)	(-)	(-)	(-)	(-)
Aircraft Inventory, End FY	595	447	454	458
Flying Hours (000's)	207	149	188	187
Ship Inventory	16	20	21	25
Steaming Hours (000's)	35	30	30	33
Training Centers	253	210	202	202
Major Installations	9	8	7	7

KEY ACTIVITY INDICATORS

Marine Corps Reserve

	<u>FY 1994 Actual</u>	<u>FY 1995 Estimate</u>	<u>FY 1996 Estimate</u>	<u>FY 1997 Estimate</u>
Total Selected Reserve Strength (End Strength)	40,711	41,000	42,000	42,000
Civilian Personnel (O&M End Strength)	154	161	161	161
(Technicians Included Above)	(-)	(-)	(-)	(-)
Training Centers	191	191	191	191

Air Force Reserve

Total Selected Reserve Strength (End Strength)	79,621	78,706	73,969	73,160
Civilian Personnel (O&M End Strength)	15,563	15,962	15,435	15,010
(Technicians Included Above)	(9,607)	(10,425)	(9,467)	(9,349)
Aircraft Inventory, End FY	450	414	392	380
Flying Hours (000's)	150	145	144	143
Major Installations	12	13	14	14

Army National Guard

Total Selected Reserve Strength (End Strength)	396,928	387,000	373,000	367,000
Civilian Personnel (O&M End Strength)	27,379	25,948	25,668	24,231
(Technicians Included Above)	(26,820)	(25,489)	(25,094)	(23,657)
Aircraft Inventory, End FY	2,806	2,103	1,743	1,724
Flying Hours (000's)	304	403	334	282
Training Locations	10,520	10,626	10,732	10,839

KEY ACTIVITY INDICATORS

Air National Guard

	<u>FY 1994 Actual</u>	<u>FY 1995 Estimate</u>	<u>FY 1996 Estimate</u>	<u>FY 1997 Estimate</u>
Total Selected Reserve Strength (End Strength)	113,587	115,581	109,458	107,151
Civilian Personnel (O&M End Strength) (Technicians Included Above)	25,749 (24,063)	25,944 (24,218)	24,377 (22,558)	23,822 (22,071)
Aircraft Inventory, End FY	1,294	1,234	1,094	1,083
Flying Hours (000's)	412	387	355	353
Major Installations	4	4	5	5
Other Operating Locations	170	170	170	170

Defense Health Program

Aircraft Inventory, End FY	25	25	25	25
Flying Hours (000's)	27	29	29	29
Training Workloads	17,716	18,078	17,436	17,037
Medical Centers and Hospitals	132	127	124	124
Average Daily Patient Load	7,848	7,677	7,562	6,601

FOREIGN CURRENCY RATES

The Foreign Currency Fluctuations, Defense (FCF,D) appropriation was established in FY 1979 to enable execution of budgeted programs without concern for adverse variations in foreign currency rates. It is managed by the DoD Comptroller who transfers funds from this appropriation to the Military Components' Operation and Maintenance (O&M) Centrally Managed Allotments (CMA's) to cover net losses in direct programs due to unfavorable fluctuations in foreign currency exchange rates for selected currencies. Since the FCF,D appropriation is only available to fund net losses, gains and losses are accumulated in the CMA in each affected O&M appropriation. If a net gain results, the asset is transferred to the FCF,D appropriation.

The rates below are the foreign currency exchange rates used as a baseline against which actual fluctuations are measured as programs are executed. These rates are expressed in terms of units of foreign currency that can be purchased with one (1) U.S. dollar.

FOREIGN CURRENCY EXCHANGE RATES (Units of Foreign Currency Per One U.S. Dollar)

<u>Country</u>	<u>Monetary Unit</u>	<u>Execution Rates</u>		<u>President's Budget Rates</u>	
		<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
Belgium	Franc	34.84	36.36	32.41	32.41
Canada	Dollar	1.33	1.33	1.37	1.37
Denmark	Krone	6.48	6.79	6.16	6.16
France	Franc	5.61	5.91	5.40	5.40
Germany	Deutsche Mark	2.12	1.72	1.57	1.57
Greece	Drachma	233.92	246.67	242.20	242.20
Italy	Lira	1,680.67	1,718.21	1,617.50	1,617.50
Japan	Yen	129.53	108.33	100.37	100.37
Netherlands	Guilder	1.80	1.94	1.76	1.76
Norway	Krone	7.01	7.49	6.86	6.86
Portugal	Escudo	165.51	175.90	160.94	160.94
South Korea	Won	811.69	809.06	791.50	791.50
Spain	Peseta	130.01	141.94	131.75	131.75
Turkey	Lira	13,888.89	13,888.89	36,581.50	36,581.50
United Kingdom	Pound	.80	.67	.64	.64

DOD CUSTOMER POL PRICES

The Department procures only refined fuel products. The fuel prices quoted include the cost of the crude oil, refining, inventory control, transportation, and storage.

DoD refined fuel (POL) purchases are made in a two-step process involving both the Defense Logistics Agency (DLA) and the individual Service or Agency operating appropriations. DLA, through its Defense Fuel Supply Center operating under the Defense Business Operations Fund, purchases most of the fuel and subsequently sells it primarily to DoD customers. This operation permits the Department to take advantage of price breaks for large quantity purchases and allows the DoD customer to plan on a stabilized price for all products for the fiscal year.

During FY 1994, DLA purchased refined fuel at an average composite price of \$29.22 per barrel, significantly under the budgeted stabilized composite price of \$34.02 per barrel. To recognize the lower costs, yet not require a change in customer prices after the fiscal year began, the FY 1994 Appropriations Act reduced the customer accounts and required the Fund to provide fuel credits to its O&M customers. Fuel customers received \$577.9 million in associated fuel credits during FY 1994. The Department is currently experiencing composite fuel costs in FY 1995 approximately \$.84 per barrel above the \$29.82 per barrel selling price reflected in the FY 1995 President's budget. Based on current economic assumptions, the FY 1996/1997 President's budget anticipates that the stabilized prices charged DoD customers in FY 1996 and FY 1997 of \$31.50 and \$31.92, respectively, will fully finance the Defense Business Operation Fund's projected fuel costs.

Conversion to JP-8 as the Department's main jet fuel will be essentially complete by the end of FY 1995. Similar to the jet fuel that commercial airlines use, JP-8 is a kerosene based product and differs from the naphtha based JP-4 in that it is less volatile, safer, and provides increased specific range. It also is usable by more types of equipment, including ground vehicles.

To more precisely price the types of fuel the Department consumes, beginning in FY 1995, diesel fuel is sub-categorized by type and unleaded motor gas is shown in three sub-categories; premium, mid-grade, and regular.

The following table reflects the composite price and stabilized prices by POL product that DoD customers are paying and will pay for fuel in each fiscal year.

DOD CUSTOMER POL PRICES

Product Type	FY 1994		FY 1995		FY 1996		FY 1997	
	Gallon	Barrel	Gallon	Barrel	Gallon	Barrel	Gallon	Barrel
AVGAS	1.34	56.28	2.11	88.62	2.26	94.92	2.27	95.34
Motor Gas Leaded	.97	40.74	.84	35.28	.90	37.80	.91	38.22
Motor Gas Unleaded	.91	38.22	.68	28.56	.73	30.66	.74	31.08
Premium	Not Shown		.69	28.98	.74	31.08	.75	31.50
Mid-grade	Not Shown		.68	28.56	.73	30.66	.74	31.08
Regular	Not Shown		.67	28.14	.72	30.24	.73	30.66
Gasohol	.91	38.22	.67	28.14	.72	30.24	.73	30.66
JP-4	.77	32.34	.71	29.82	.76	31.92	.77	32.34
JP-5	.85	35.70	.73	30.66	.78	32.76	.79	33.18
JP-8	.83	34.86	.71	29.82	.76	31.92	.77	32.34
Distillates	.78	32.76	.68	28.56	.73	30.66	.74	31.08
Diesel (Generic)	.78	32.76	.68	28.56	.68	28.56	.69	28.98
Diesel, Kerosene, 2-K	Not Shown		.65	27.30	.70	29.40	.71	29.82
Diesel, Kerosene, 1-K	Not Shown		.57	23.94	.61	25.62	.62	26.04
Diesel, Fuel Oil, FS2	Not Shown		.59	24.78	.62	26.04	.63	26.46
Diesel, Fuel Oil, FS1	Not Shown		.65	27.30	.70	29.40	.71	29.82
Diesel, Fuel Oil, Artic-DFA	Not Shown		.71	29.82	.76	31.92	.77	32.34
Diesel, Fuel Oil, Artic-DLA	Not Shown		.91	38.22	1.00	42.00	1.01	42.42
Diesel, Fuel Oil, Winter-DF1	Not Shown		.63	26.46	.68	28.56	.69	28.98
Diesel, Fuel Oil, Winter-DL1	Not Shown		.91	38.22	1.00	42.00	1.01	42.42
Diesel, Fuel Oil, Reg.-DF2	Not Shown		.59	24.78	.63	26.46	.64	26.88
Diesel, Fuel Oil, Reg.-DL2	Not Shown		.89	37.38	.97	40.74	.98	41.16
Residuals	.61	25.62	.42	17.64	.44	18.48	.45	18.90
Navy Reclaimed	.38	15.96	.41	17.22	.45	18.90	.46	19.32
Into Plane	1.24	52.08	.93	39.06	.98	41.16	.99	41.58
Sp Fuels 2 (JP-TS)	1.76	73.92	1.55	65.10	1.85	77.70	1.90	79.80
Composite	.81	34.02	.71	29.82	.75	31.50	.76	31.92
DBOF Cost	.70	29.22	.73	30.66	.75	31.50	.76	31.92

DOD CUSTOMER POL PRICES

CIVILIAN PERSONNEL

Total DoD By Type of Hire	END STRENGTH					96-97 Change
U.S. Direct Hire	FY 1994 <u>Actual</u>	FY 1995 <u>Estimate</u>	FY 1996 <u>Estimate</u>	FY 1997 <u>Estimate</u>	95-96 Change	96-97 Change
Foreign National Direct Hire	835,401	804,975	771,992	743,607	-32,983	-28,385
	<u>18,637</u>	<u>17,677</u>	<u>17,004</u>	<u>16,738</u>	<u>-673</u>	<u>-266</u>
Total - Direct Hire	854,038	822,652	788,996	760,345	-33,656	-28,651
Foreign National Indirect Hire	<u>46,702</u>	<u>44,275</u>	<u>39,594</u>	<u>38,701</u>	<u>-4,681</u>	<u>-893</u>
DoD Total	900,740	866,927	828,590	799,046	-38,337	-29,544
<u>End Strength by Service</u>						
Army	279,526	269,673	257,059	248,830	-12,614	-8,229
Navy	269,100	254,154	240,677	230,658	-13,477	-10,019
Air Force	196,489	190,061	184,398	178,928	-5,663	-5,470
Defense-Wide	<u>155,625</u>	<u>153,039</u>	<u>146,456</u>	<u>140,630</u>	<u>-6,583</u>	<u>-5,826</u>
DoD Total	900,740	866,927	828,590	799,046	-38,337	-29,544

CIVILIAN PERSONNELWORKYEARS

<u>Total DoD By Type of Hire</u>	<u>FY 1994 Actual</u>	<u>FY 1995 Estimate</u>	<u>FY 1996 Estimate</u>	<u>FY 1997 Estimate</u>	<u>95-96 Change</u>	<u>96-97 Change</u>
U.S. Direct Hire	849,565	816,092	783,269	751,616	-32,823	-31,653
Foreign National Direct Hire	<u>18,727</u>	<u>18,013</u>	<u>17,311</u>	<u>16,920</u>	<u>-702</u>	<u>-391</u>
Total - Direct Hire	868,292	834,105	800,580	768,536	-33,525	-32,044
Foreign National Indirect Hire	<u>48,233</u>	<u>45,300</u>	<u>41,532</u>	<u>38,902</u>	<u>-3,768</u>	<u>-2,630</u>
DoD Total	916,525	879,405	842,112	807,438	-37,293	-34,674

Workyears by Service

Army	289,507	275,267	264,219	253,649	-11,048	-10,570
Navy	276,471	261,290	248,278	234,772	-13,012	-13,506
Air Force	196,593	193,589	186,887	181,833	-6,702	-5,054
Defense-Wide	<u>153,954</u>	<u>149,259</u>	<u>142,728</u>	<u>137,184</u>	<u>-6,531</u>	<u>-5,544</u>
DoD Total	916,525	879,405	842,112	807,438	-37,293	-34,674

CIVILIAN PERSONNEL

CIVILIAN PERSONNEL

FULL-TIME EQUIVALENTS (FTEs) *

<u>Total DoD</u>	<u>FY 1994 Actual</u>	<u>FY 1995 Estimate</u>	<u>FY 1996 Estimate</u>	<u>FY 1997 Estimate</u>	<u>95-96 Change</u>	<u>96-97 Change</u>
<u>By Service</u>						
Army	262,703	250,633	242,823	234,828	-7,810	-7,995
Navy	266,108	250,758	237,741	224,187	-13,017	-13,554
Air Force	188,217	186,094	179,804	174,848	-6,290	-4,956
Defense-Wide	<u>151,264</u>	<u>146,620</u>	<u>140,212</u>	<u>134,673</u>	<u>-6,408</u>	<u>-5,539</u>
DoD Total	868,292	834,105	800,580	768,536	-33,525	-32,044

* FTEs exclude workyears attributed to Foreign National Indirect Hires.

CIVILIAN PERSONNEL

	END STRENGTH					
<u>By Appropriation</u>	<u>FY 1994</u> <u>Actual</u>	<u>FY 1995</u> <u>Estimate</u>	<u>FY 1996</u> <u>Estimate</u>	<u>FY 1997</u> <u>Estimate</u>	<u>95-96</u> <u>Change</u>	<u>96-97</u> <u>Change</u>
Operation & Maintenance (O&M), Active and Defense-wide	437,809	439,542	421,444	408,181	-18,098	-13,263
O&M, Reserve	27,877	29,413	28,823	28,286	-590	-537
O&M, National Guard	53,128	51,892	50,045	48,053	-1,847	-1,992
National Board for the Promotion of Rifle Practice	28	32	32	32	-	-
Research, Development, Test & Evaluation (RDT&E)	42,738	39,807	39,313	38,271	-494	-1,042
Military Construction	9,017	9,645	8,984	8,982	-661	-2
Military Family Housing	1,655	1,496	1,375	1,374	-121	-1
Defense Business Operations Fund (DBOF)	324,470	289,215	273,270	260,795	-15,945	-12,475
Pentagon Reservation Maintenance Revolving Fund	1,064	1,171	1,126	1,081	-45	-45
Drug Interdiction and Counter-Drug Activities, Defense	-	1,917	1,363	1,349	-554	-14
Defense Health Program (DHP)	912	864	971	893	+107	-78
Defense Stockpile	298	280	269	250	-11	-19
U.S. Court of Appeals for the Armed Forces	52	59	59	59	-	-
Office of the Inspector General	1,685	1,544	1,467	1,393	-77	-74
Building Maintenance Fund	-	35	34	32	-1	-2
National Security Education Trust Fund	7	15	15	15	-	-
DoD Total	900,740	866,927	828,590	799,046	-38,337	-29,544

CIVILIAN PERSONNEL

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CIVILIAN PERSONNEL

WORKYEARS

<u>By Appropriation</u>	<u>FY 1994</u> <u>Actual</u>	<u>FY 1995</u> <u>Estimate</u>	<u>FY 1996</u> <u>Estimate</u>	<u>FY 1997</u> <u>Estimate</u>	<u>95-96</u> <u>Change</u>	<u>96-97</u> <u>Change</u>
Operation & Maintenance (O&M), Active	442,517	441,020	429,145	411,877	-11,875	-17,268
O&M, Reserve	28,518	29,125	28,972	28,496	-153	-476
O&M, National Guard	53,589	52,652	50,740	48,837	-1,912	-1,903
National Board for the Promotion of Rifle Practice	28	30	32	32	+2	-
Research, Development, Test & Evaluation (RDT&E)	44,567	41,499	39,948	38,955	-1,551	-993
Military Construction	10,108	9,223	9,073	8,940	-150	-133
Military Family Housing	1,753	1,486	1,420	1,366	-66	-54
Defense Business Operations Fund (DBOF)	331,594	298,894	277,484	263,837	-21,410	-13,647
Pentagon Reservation Maintenance Revolving Fund	1,056	1,179	1,126	1,081	-53	-45
Drug Interdiction and Counter-Drug Activities, Defense	-	1,375	1,398	1,391	+23	-7
Defense Health Program (DHP)	878	881	844	805	-37	-39
Defense Stockpile	289	294	284	262	-10	-22
U.S. Court of Appeals for the Armed Forces	52	59	59	59	-	-
Office of the Inspector General	1,569	1,638	1,538	1,453	-100	-85
Building Maintenance Fund	-	35	34	32	-1	-2
National Security Education Trust Fund	7	15	15	15	-	-
DoD Total	916,525	879,405	842,112	807,438	-37,293	-34,674

CIVILIAN PERSONNEL

CIVILIAN PERSONNEL

	FULL-TIME EQUIVALENTS (FTEs)					
<u>By Appropriation</u>	<u>FY 1994</u> <u>Actual</u>	<u>FY 1995</u> <u>Estimate</u>	<u>FY 1996</u> <u>Estimate</u>	<u>FY 1997</u> <u>Estimate</u>	<u>95-96</u> <u>Change</u>	<u>96-97</u> <u>Change</u>
Operation & Maintenance (O&M), Active	399,973	401,472	392,812	378,147	-8,660	-14,665
O&M, Reserve	28,517	29,125	28,972	28,496	-153	-476
O&M, National Guard	53,589	52,652	50,740	48,837	-1,912	-1,903
National Board for the Promotion of Rifle Practice	28	30	32	32	+2	-
Research, Development, Test & Evaluation (RDT&E)	44,563	41,494	39,944	38,951	-1,550	-993
Military Construction	9,745	8,998	8,888	8,757	-110	-131
Military Family Housing	1,183	983	993	958	10	-35
Defense Business Operations Fund (DBOF)	326,854	293,886	272,911	259,269	-20,975	-13,642
Pentagon Reservation Maintenance Revolving Fund	1,056	1,179	1,126	1,081	-53	-45
Drug Interdiction and Counter-Drug Activities, Defense	-	1,375	1,398	1,391	23	-7
Defense Health Program (DHP)	868	871	835	797	-36	-38
Defense Stockpile	289	294	284	262	-10	-22
U.S. Court of Appeals for the Armed Forces	52	59	59	59	-	-
Office of the Inspector General	1,568	1,637	1,537	1,452	-100	-85
Building Maintenance Fund	-	35	34	32	-1	-2
National Security Education Trust Fund	7	15	15	15	-	-

CIVILIAN PERSONNEL

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CIVILIAN PERSONNEL

DoD Total 868,292 834,105 800,580 768,536 -33,525 -32,044

Army

(End Strength)

	<u>FY 1994 Actual</u>	<u>FY 1995 Estimate</u>	<u>FY 1996 Estimate</u>	<u>FY 1997 Estimate</u>	<u>95-96 Change</u>	<u>96-97 Change</u>
<u>O&M, Army</u>	<u>174,811</u>	<u>169,849</u>	<u>158,166</u>	<u>153,603</u>	<u>-11,683</u>	<u>-4,563</u>
U.S. Direct Hire	140,114	137,547	130,898	127,191	-6,649	-3,707
Foreign National Direct Hire	<u>9,859</u>	<u>9,512</u>	<u>8,918</u>	<u>8,829</u>	<u>-594</u>	<u>-89</u>
Total - Direct Hire	<u>149,973</u>	<u>147,059</u>	<u>139,816</u>	<u>136,020</u>	<u>-7,243</u>	<u>-3,796</u>
Foreign National Indirect Hire	24,838	22,790	18,350	17,583	-4,440	-767
<u>O&M, Army Reserve</u>	<u>9,439</u>	<u>10,618</u>	<u>10,590</u>	<u>10,486</u>	<u>-28</u>	<u>-104</u>
U.S. Direct Hire	9,439	10,618	10,590	10,486	-28	-104
Foreign National Direct Hire	-	-	-	-	-	-
Total - Direct Hire	<u>9,439</u>	<u>10,618</u>	<u>10,590</u>	<u>10,486</u>	<u>-28</u>	<u>-104</u>
Foreign National Indirect Hire	-	-	-	-	-	-
<u>O&M, Army National Guard</u>	<u>27,379</u>	<u>25,948</u>	<u>25,668</u>	<u>24,231</u>	<u>-280</u>	<u>-1,437</u>
U.S. Direct Hire	27,379	25,948	25,668	24,231	-280	-1,437
Foreign National Direct Hire	-	-	-	-	-	-
Total - Direct Hire	<u>27,379</u>	<u>25,948</u>	<u>25,668</u>	<u>24,231</u>	<u>-280</u>	<u>-1,437</u>
Foreign National Indirect Hire	-	-	-	-	-	-
<u>National Board for the Promotion of Rifle Practice</u>	<u>28</u>	<u>32</u>	<u>32</u>	<u>32</u>	<u>-</u>	<u>-</u>
U.S. Direct Hire	28	32	32	32	-	-
Foreign National Direct Hire	-	-	-	-	-	-
Total - Direct Hire	<u>28</u>	<u>32</u>	<u>32</u>	<u>32</u>	<u>-</u>	<u>-</u>
Foreign National Indirect Hire	-	-	-	-	-	-

CIVILIAN PERSONNEL

CIVILIAN PERSONNEL

	(End Strength)					
	FY 1994 Actual	FY 1995 Estimate	FY 1996 Estimate	FY 1997 Estimate	95-96 Change	96-97 Change
<u>RDT&E</u>						
U.S. Direct Hire	28,303	25,156	24,570	24,174	-586	-396
Foreign National Direct Hire	28,150	25,002	24,416	24,020	-586	-396
Total - Direct Hire	152	154	154	154	-	-
Foreign National Indirect Hire	28,302	25,156	24,570	24,174	-586	-396
	1	-	-	-	-	-
<u>Military Construction</u>						
U.S. Direct Hire	6,491	6,950	6,658	6,608	-292	-50
Foreign National Direct Hire	6,136	6,611	6,341	6,274	-270	-67
Total - Direct Hire	167	206	206	+57	-	-
Foreign National Indirect Hire	6,303	7,020	6,853	+359	-167	-67
	188	133	111	128	-22	+17
<u>Military Family Housing</u>						
U.S. Direct Hire	1,655	1,496	1,375	1,374	-121	-1
Foreign National Direct Hire	1,035	976	912	911	-64	-1
Total - Direct Hire	58	65	51	51	-14	-
Foreign National Indirect Hire	1,093	1,041	963	962	-78	-1
	562	455	412	412	-43	-
<u>Def Business Operations Fund</u>						
U.S. Direct Hire	31,420	29,624	30,000	28,322	+376	-1,678
Foreign National Direct Hire	30,946	29,119	29,495	27,817	+376	-1,678
Total - Direct Hire	100	135	142	142	+7	-
Foreign National Indirect Hire	31,046	29,254	29,637	27,959	+383	-1,678
	374	370	363	363	-7	-

CIVILIAN PERSONNEL

	(End Strength)					
	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>95-96</u>	<u>96-97</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>
<u>Army Total</u>	<u>279,526</u>	<u>269,673</u>	<u>257,059</u>	<u>248,830</u>	<u>-12,614</u>	<u>-8,229</u>
U.S. Direct Hire	243,227	235,853	228,352	220,962	-7,501	-7,390
Foreign National Direct Hire	<u>10,336</u>	<u>10,072</u>	<u>9,471</u>	<u>9,382</u>	<u>-601</u>	<u>-89</u>
Total - Direct Hire	253,563	245,925	237,823	230,344	-8,102	-7,479
Foreign National Indirect Hire	25,963	23,748	19,236	18,486	-4,512	-750

CIVILIAN PERSONNEL

	(End Strength)	
	<u>95-96</u>	<u>96-97</u>
	<u>Change</u>	<u>Change</u>
Force Structure Changes and		
Streamlining Reductions	-7,442	-4,730
Depot Maintenance Reductions	-900	-1,258
Military Technicians Reductions	-1,517	-1,537
RDT&E Infrastructure Reductions/Realignment	-600	-300
Medical Personnel Reductions	-1,678	-404
Interdepartment Transfers	<u>-477</u>	<u>-</u>
Total	-12,614	-8,229

CIVILIAN PERSONNEL

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CIVILIAN PERSONNEL

Navy

(End Strength)

By Appropriation	FY 1994 Actual	FY 1995 Estimate	FY 1996 Estimate	FY 1997 Estimate	95-96 Change	96-97 Change
<u>O&M, Navy</u>						
U.S. Direct Hire	89,821	89,520	88,425	85,330	-1,095	-3,095
Foreign National Direct Hire	81,227	81,061	79,706	76,595	-1,355	-3,111
Total - Direct Hire	3,149	2,928	2,881	2,848	-47	-33
Foreign National Indirect Hire	84,376	83,989	82,587	79,443	-1,402	-3,144
	5,445	5,531	5,838	5,887	+307	+49
<u>O&M, Marine Corps</u>	15,987	16,173	16,256	16,329	+83	+73
U.S. Direct Hire	13,161	13,337	13,420	3,493	+83	+73
Foreign National Direct Hire	-	-	-	-	-	-
Total - Direct Hire	13,161	13,337	13,420	3,493	+83	+73
Foreign National Indirect Hire	2,826	2,836	2,836	2,836	-	-
<u>O&M, Navy Reserve</u>	2,721	2,672	2,637	2,629	-35	-8
U.S. Direct Hire	2,721	2,672	2,637	2,629	-35	-8
Foreign National Direct Hire	-	-	-	-	-	-
Total - Direct Hire	2,721	2,672	2,637	2,629	-35	-8
Foreign National Indirect Hire	-	-	-	-	-	-
<u>O&M, Marine Corps Reserve</u>	154	161	161	161	-	-
U.S. Direct Hire	154	161	161	161	-	-
Foreign National Direct Hire	-	-	-	-	-	-
Total - Direct Hire	154	161	161	161	-	-
Foreign National Indirect Hire	-	-	-	-	-	-

CIVILIAN PERSONNEL

	(End Strength)					
	FY 1994 Actual	FY 1995 Estimate	FY 1996 Estimate	FY 1997 Estimate	95-96 Change	96-97 Change
<u>RDT&E, Navy</u>						
U.S. Direct Hire	1,921	2,021	1,987	1,956	-34	-31
Foreign National Direct Hire	1,612	1,668	1,634	1,603	-34	-31
Total - Direct Hire	305	349	349	349	-	-
Foreign National Indirect Hire	1,917	2,017	1,983	1,952	-34	-31
	4	4	4	4	-	-
<u>Military Construction, Navy</u>						
U.S. Direct Hire	2,526	2,695	2,326	2,374	-369	+48
Foreign National Direct Hire	2,407	2,575	2,206	2,254	-369	+48
Total - Direct Hire	54	56	56	56	-	-
Foreign National Indirect Hire	2,461	2,631	2,262	2,310	-369	+48
	65	64	64	64	-	-
<u>Defense Business Operations Fund (DBOF)</u>						
U.S. Direct Hire	155,970	140,912	128,885	121,879	-12,027	-7,006
Foreign National Direct Hire	153,830	138,641	126,923	119,918	-11,718	-7,005
Total - Direct Hire	37	33	33	33	-17	-
Foreign National Indirect Hire	153,867	138,674	126,956	119,951	-11,718	-7,005
	2,103	2,238	1,929	1,928	-309	-1

CIVILIAN PERSONNEL

CIVILIAN PERSONNEL

	(End Strength)					
	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>		
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>		
					<u>95-96</u>	
					<u>Change</u>	
					<u>96-97</u>	
					<u>Change</u>	
<u>Department of Navy Total</u>	<u>269,100</u>	<u>254,154</u>	<u>240,677</u>	<u>230,658</u>	<u>-13,477</u>	<u>-10,019</u>
U.S. Direct Hire	255,112	240,115	226,687	216,653	-13,428	-10,034
Foreign National Direct Hire	3,545	3,366	3,319	3,286	-47	-33
Total - Direct Hire	258,657	243,481	230,006	219,939	-13,475	-10,067
Foreign National Indirect Hire	10,443	10,673	10,671	10,719	-2	+48

End Strength Totals for Navy and Marine Corps Appropriations

<u>Total - Navy</u>	<u>252,959</u>	<u>237,820</u>	<u>224,260</u>	<u>214,168</u>	<u>-13,560</u>	<u>-10,092</u>
U.S. Direct Hire	241,797	226,617	213,106	202,999	-13,511	-10,107
Foreign National Direct Hire	3,545	3,366	3,319	3,286	-47	-33
Total - Direct Hire	245,342	229,983	216,425	206,285	-13,558	-10,140
Foreign National Indirect Hire	7,617	7,837	7,835	7,883	-2	+48
<u>Total - Marine Corps</u>	<u>16,141</u>	<u>16,334</u>	<u>16,417</u>	<u>16,490</u>	<u>+83</u>	<u>+73</u>
U.S. Direct Hire	13,315	13,498	13,581	13,654	+83	+73
Foreign National Direct Hire	-	-	-	-	-	-
Total - Direct Hire	13,315	13,498	13,581	13,654	+83	+73
Foreign National Indirect Hire	2,826	2,836	2,836	2,836	-	-

CIVILIAN PERSONNEL

	(End Strength)	
	<u>95-96</u> <u>Change</u>	<u>96-97</u> <u>Change</u>
Changes to DBOF Workload:		
Shipyard Workload Reduction	-5,361	-2,515
Aviation Depots	-1,828	-906
Ordnance Maintenance and Support	-268	-274
Military Sealift Support	+459	+114
Warfare Centers	-2,184	-2,288
Public Works	-248	-326
Supply/Distribution	-507	-364
Defense Printing	-200	-299
USMC Depot	-245	-60
Medical Reduction	-384	-374
Intermediate Maintenance	-42	+156
Management Headquarters Reduction	-497	-537
Systems Engineering & Support	-334	-314
Base Support Workload Changes	-1,038	-1,761
Fleet Support Reductions	-177	-242
Training Support Reductions	-107	-67
Morale, Welfare & Recreation	-	+106
Other Adjustments	<u>-516</u>	<u>-68</u>
Total	-13,477	-10,019

CIVILIAN PERSONNEL

Air Force

CIVILIAN PERSONNEL

CIVILIAN PERSONNEL

	(End Strength)					
	<u>FY 1994 Actual</u>	<u>FY 1995 Estimate</u>	<u>FY 1996 Estimate</u>	<u>FY 1997 Estimate</u>	<u>95-96 Change</u>	<u>96-97 Change</u>
<u>Defense Business Operations Fund</u>						
U.S. Direct Hire	<u>47,750</u>	<u>34,540</u>	<u>33,558</u>	<u>33,177</u>	<u>-982</u>	<u>-381</u>
Foreign National Direct Hire	<u>47,181</u>	<u>34,040</u>	<u>33,038</u>	<u>32,657</u>	<u>-1,002</u>	<u>-381</u>
Total - Direct Hire	<u>188</u>	<u>203</u>	<u>223</u>	<u>223</u>	<u>+20</u>	<u>-</u>
Foreign National Indirect Hire	<u>47,369</u>	<u>34,243</u>	<u>33,261</u>	<u>32,880</u>	<u>-982</u>	<u>-381</u>
	<u>381</u>	<u>297</u>	<u>297</u>	<u>297</u>	<u>-</u>	<u>-</u>
<u>Air Force Total</u>	<u>196,489</u>	<u>190,061</u>	<u>184,398</u>	<u>178,928</u>	<u>-5,663</u>	<u>-5,470</u>
U.S. Direct Hire	<u>185,680</u>	<u>180,103</u>	<u>174,468</u>	<u>169,321</u>	<u>-5,635</u>	<u>-5,147</u>
Foreign National Direct Hire	<u>3,161</u>	<u>2,869</u>	<u>2,852</u>	<u>2,714</u>	<u>-17</u>	<u>-138</u>
Total - Direct Hire	<u>188,841</u>	<u>182,972</u>	<u>177,320</u>	<u>172,035</u>	<u>-5,652</u>	<u>-5,285</u>
Foreign National Indirect Hire	<u>7,648</u>	<u>7,089</u>	<u>7,078</u>	<u>6,893</u>	<u>-11</u>	<u>-185</u>

CIVILIAN PERSONNEL

	(End Strength)	
	95-96 <u>Change</u>	96-97 <u>Change</u>
Force Structure Changes:		
Military Technicians	-536	+134
Depot Maintenance	-211	+584
Maintenance Streamlining	-387	+42
Strategic/Missiles/Mobility/Tactical and Other Adjustments	+36	-54
Command and Control	-388	-149
Base Infrastructure Changes	-2,135	-101
RDT&E Infrastructure Reductions	-649	-635
Training Support Realignment	-97	-189
Economic Initiatives:		
Civilian Personnel Reductions	-1,983	-4,807
Infrastructure Reductions	-768	-721
Military/Civilian Conversions	+730	+205
A-76 Cost Comparisons	-34	-
Streamlining, consolidations, and transfers	+808	+273
Foreign Military Sales/Joint Agreements	-49	-52
Total	-5,663	-5,470

Defense-Wide

		(End Strength)					
<u>By Appropriation</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>95-96</u>	<u>96-97</u>	
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>	
<u>O&M, Defense-Wide</u>	<u>61,491</u>	<u>61,482</u>	<u>58,693</u>	<u>56,505</u>	<u>-2,789</u>	<u>-2,188</u>	
U.S. Direct Hire	60,371	60,489	57,710	55,533	-2,779	-2,177	
Foreign National Direct Hire	694	487	479	473	-8	-6	
Total - Direct Hire	61,065	60,976	58,189	56,006	-2,787	-2,183	
Foreign National Indirect Hire	426	506	504	499	-2	-5	
<u>RDT&E, Defense-Wide</u>	<u>786</u>	<u>1,533</u>	<u>1,632</u>	<u>1,636</u>	<u>+99</u>	<u>+4</u>	
U.S. Direct Hire	786	1,533	1,632	1,636	+99	+4	
Foreign National Direct Hire	-	-	-	-	-	-	
Total - Direct Hire	786	1,533	1,632	1,636	+99	+4	
Foreign National Indirect Hire	-	-	-	-	-	-	
<u>Defense Business Operations</u>							
<u>Fund</u>	<u>89,330</u>	<u>84,139</u>	<u>80,827</u>	<u>77,417</u>	<u>-3,312</u>	<u>-3,410</u>	
U.S. Direct Hire	86,218	81,007	77,848	74,438	-3,159	-3,410	
Foreign National Direct Hire	901	883	883	883	-	-	
Total Direct Hire	87,119	81,890	78,731	75,321	-3,159	-3,410	
Foreign National Indirect Hire	2,211	2,249	2,096	2,096	-153	-	

CIVILIAN PERSONNEL

	(End Strength)					95-96	96-97
	FY 1994	FY 1995	FY 1996	FY 1997	Change	Change	Change
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>			
<u>Pentagon Reservation Maintenance</u>							
<u>Revolving Fund</u>							
U.S. Direct Hire	1,064	1,171	1,126	1,081	-45	-45	-45
Foreign National Direct Hire	1,064	1,171	1,126	1,081	-45	-45	-45
Total - Direct Hire	-	-	-	-	-	-	-
Foreign National Indirect Hire	1,064	1,171	1,126	1,081	-45	-45	-45
Total - Indirect Hire	-	-	-	-	-	-	-
<u>Drug Interdiction & Counter-Drug</u>							
<u>Activities, Defense</u>							
U.S. Direct Hire	-	1,917	1,363	1,349	-554	-14	-14
Foreign National Direct Hire	-	1,917	1,363	1,349	-554	-14	-14
Total - Direct Hire	-	-	-	-	-	-	-
Foreign National Indirect Hire	-	1,917	1,363	1,349	-554	-14	-14
Total - Indirect Hire	-	-	-	-	-	-	-
<u>Defense Stockpile</u>							
U.S. Direct Hire	298	280	269	250	-11	-19	-19
Foreign National Direct Hire	298	280	269	250	-11	-19	-19
Total - Direct Hire	-	-	-	-	-	-	-
Foreign National Indirect Hire	298	280	269	250	-11	-19	-19
Total - Indirect Hire	-	-	-	-	-	-	-
<u>Defense Health Program</u>							
U.S. Direct Hire	912	864	971	893	+107	-78	-78
Foreign National Direct Hire	902	855	963	886	+108	-77	-77
Total - Direct Hire	-	-	-	-	-	-	-
Foreign National Indirect Hire	902	855	963	886	+108	-77	-77
Total - Indirect Hire	10	9	8	7	-1	-1	-1

CIVILIAN PERSONNEL

	(End Strength)					
	FY 1994 Actual	FY 1995 Estimate	FY 1996 Estimate	FY 1997 Estimate	95-96 Change	96-97 Change
<u>Office of the Inspector General</u>						
U.S. Direct Hire	1,685	1,544	1,467	1,393	-77	-74
Foreign National Direct Hire	1,684	1,543	1,466	1,392	-77	-74
Total - Direct Hire	<u>1,684</u>	<u>1,543</u>	<u>1,466</u>	<u>1,392</u>	<u>-77</u>	<u>-74</u>
Foreign National Indirect Hire	1	1	1	-	-	-
<u>U.S. Court of Appeals for the</u>						
<u>Armed Forces</u>	52	59	59	59	-	-
U.S. Direct Hire	52	59	59	59	-	-
Foreign National Direct Hire	-	-	-	-	-	-
Total - Direct Hire	<u>52</u>	<u>59</u>	<u>59</u>	<u>59</u>	<u>-</u>	<u>-</u>
Foreign National Indirect Hire	-	-	-	-	-	-
<u>National Security Education Trust</u>						
<u>Fund</u>	7	15	15	15	-	-
U.S. Direct Hire	7	15	15	15	-	-
Foreign National Direct Hire	-	-	-	-	-	-
Total - Direct Hire	<u>7</u>	<u>15</u>	<u>15</u>	<u>15</u>	<u>-</u>	<u>-</u>
Foreign National Indirect Hire	-	-	-	-	-	-
<u>Defense-Wide Total</u>	<u>155,625</u>	<u>153,039</u>	<u>146,456</u>	<u>140,630</u>	<u>-6,583</u>	<u>-5,826</u>
U.S. Direct Hire	151,382	148,904	142,485	136,671	-6,419	-5,814
Foreign National Direct Hire	<u>1,595</u>	<u>1,370</u>	<u>1,362</u>	<u>1,356</u>	<u>-8</u>	<u>-6</u>
Total - Direct Hire	<u>152,977</u>	<u>150,274</u>	<u>143,847</u>	<u>138,027</u>	<u>-6,427</u>	<u>-5,820</u>
Foreign National Indirect Hire	2,648	2,765	2,609	2,603	-156	-6

CIVILIAN PERSONNEL

	(End Strength)	
	95-96 <u>Change</u>	96-97 <u>Change</u>
Defense Contract Audit Agency	-154	-146
Defense Commissary Agency	-795	-940
Defense Financial and Accounting Services	-1,058	-940
Defense Investigative Service	-341	-54
Defense Logistics Agency	-2,432	-2,616
Defense Mapping Agency	-279	-277
Defense Nuclear Agency	-	-23
Department of Defense Education Activity	-1,135	-110
Intelligence and Communications	+155	-409
Office of the Inspector General	-77	-74
Drug Interdiction & Counter-Drug Activities, Defense	-554	-14
DoD Medical	+150	-121
Armed Forces Information Service	-15	-14
On-Site Inspection Agency	+39	-
Ballistic Missile Defense Organization	+55	+47
Advanced Research Projects Agency	-	-
Defense Support Activities	-27	-25
Other	<u>-115</u>	<u>-110</u>
Defense-Wide Total	-6,583	-5,826

MILITARY PERSONNEL

Active Force Personnel

	(End Strength)					
<u>By Type</u>	<u>FY 1994</u> <u>Actual</u>	<u>FY 1995</u> <u>Estimate</u>	<u>FY 1996</u> <u>Estimate</u>	<u>FY 1997</u> <u>Estimate</u>	<u>95-96</u> <u>Change</u>	<u>96-97</u> <u>Change</u>
Officer	245,383	237,977	234,011	229,469	-3,966	-4,542
Enlisted	1,352,791	1,273,274	1,239,189	1,222,331	-34,085	-16,858
Cadets	<u>12,316</u>	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>0</u>	<u>0</u>
DoD Total	1,610,490	1,523,251	1,485,200	1,463,800	-38,051	-21,400
<u>By Service</u>						
Army	541,343	510,000	495,000	495,000	-15,000	0
Navy	468,662	439,200	428,000	409,400	-11,200	-18,600
Marine Corps	174,158	174,000	174,000	174,000	0	0
Air Force	<u>426,327</u>	<u>400,051</u>	<u>388,200</u>	<u>385,400</u>	<u>-11,851</u>	<u>-2,800</u>
DoD Total	1,610,490	1,523,251	1,485,200	1,463,800	-38,051	-21,400

MILITARY PERSONNEL/ACTIVE FORCE PERSONNEL

**MILITARY PERSONNEL
ACTIVE FORCE PERSONNEL**

(Average Strength)

<u>Average Strength By Service</u>	<u>FY 1994 Actual</u>	<u>FY 1995 Estimate</u>	<u>FY 1996 Estimate</u>	<u>FY 1997 Estimate</u>	<u>95-96 Change</u>	<u>96-97 Change</u>
<u>Army</u>	<u>561,866</u>	<u>527,126</u>	<u>497,453</u>	<u>489,226</u>	<u>-29,673</u>	<u>-8,227</u>
Officer	87,027	83,993	81,905	80,916	-2,088	-989
Enlisted	470,790	439,188	411,774	404,536	-27,414	-7,238
Cadets	4,049	3,945	3,774	3,774	-171	0
<u>Navy</u>	<u>485,105</u>	<u>451,554</u>	<u>428,386</u>	<u>409,865</u>	<u>-23,168</u>	<u>-18,521</u>
Officer	64,572	60,302	58,886	57,042	-1,416	-1,844
Enlisted	416,514	387,306	365,650	348,973	-21,656	-16,677
Midshipmen	4,019	3,946	3,850	3,850	-96	0
<u>Marine Corps</u>	<u>175,423</u>	<u>173,608</u>	<u>173,997</u>	<u>173,877</u>	<u>389</u>	<u>-120</u>
Officer	18,271	17,958	17,977	17,977	19	0
Enlisted	157,152	155,650	156,020	155,900	370	-120
<u>Air Force</u>	<u>436,554</u>	<u>412,436</u>	<u>396,017</u>	<u>389,876</u>	<u>-16,419</u>	<u>-6,141</u>
Officer	82,264	79,851	77,529	76,494	-2,322	-1,035
Enlisted	350,281	328,629	314,542	309,421	-14,087	-5,121
Cadets	4,009	3,956	3,946	3,961	-10	15
<u>DoD Total</u>	<u>1,658,948</u>	<u>1,564,724</u>	<u>1,495,853</u>	<u>1,462,844</u>	<u>-68,871</u>	<u>-33,009</u>
Officer	252,134	242,104	236,297	232,429	-5,807	-3,868
Enlisted	1,394,737	1,310,773	1,247,986	1,218,830	-62,787	-29,156
Cadets	12,077	11,847	11,570	11,585	-277	15

MILITARY PERSONNEL/ACTIVE FORCE PERSONNEL

**MILITARY PERSONNEL
ACTIVE FORCE PERSONNEL**

Army

(End Strength)

	<u>FY 1994 Actual</u>	<u>FY 1995 Estimate</u>	<u>FY 1996 Estimate</u>	<u>FY 1997 Estimate</u>	<u>95-96 Change</u>	<u>96-97 Change</u>
Officer	84,807	82,300	81,300	80,300	-1,000	-1,000
Enlisted	452,513	423,700	409,700	410,700	-14,000	1,000
Cadets	<u>4,023</u>	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>0</u>	<u>0</u>
Total	541,343	510,000	495,000	495,000	-15,000	0

Strategic Forces
General Purpose Forces
Intelligence & Communications
General Research & Development
Other Defense Wide Missions
Logistics Support
Personnel Support
Other Centralized Support
Total

	<u>95-96 Change</u>	<u>96-97 Change</u>
	+649	-9
	-15,864	+617
	-256	-63
	-571	-1,111
	-442	-1
	-269	-326
	+1,384	-54
	<u>+369</u>	<u>+947</u>
	-15,000	0

MILITARY PERSONNEL/ACTIVE FORCE PERSONNEL

**MILITARY PERSONNEL
ACTIVE FORCE PERSONNEL**

Navy

(End Strength)

	<u>FY 1994 Actual</u>	<u>FY 1995 Estimate</u>	<u>FY 1996 Estimate</u>	<u>FY 1997 Estimate</u>	<u>95-96 Change</u>	<u>96-97 Change</u>
Officer	61,750	60,000	58,805	56,550	-1,195	-2,255
Enlisted	402,626	375,200	365,195	348,850	-10,005	-16,345
Midshipmen	<u>4,286</u>	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>0</u>	<u>0</u>
Total	468,662	439,200	428,000	409,400	-11,200	-18,600

	<u>95-96 Change</u>	<u>96-97 Change</u>
Strategic Forces	+522	-296
General Purpose Forces	-9,763	-10,345
Intelligence & Communications	-754	-531
General Research & Development	-408	-78
Other Defense Wide Missions	+57	-183
Logistics Support	+38	-95
Personnel Support	-566	-6,829
Other Centralized Support	<u>-326</u>	<u>-243</u>
Total	-11,200	-18,600

**MILITARY PERSONNEL
ACTIVE FORCE PERSONNEL
Marine Corps**

(End Strength)

	<u>FY 1994 Actual</u>	<u>FY 1995 Estimate</u>	<u>FY 1996 Estimate</u>	<u>FY 1997 Estimate</u>	<u>95-96 Change</u>	<u>96-97 Change</u>
Officer	17,823	17,977	17,978	17,978	+1	0
Enlisted	<u>156,335</u>	<u>156,023</u>	<u>156,022</u>	<u>156,022</u>	<u>-1</u>	<u>0</u>
Total	174,158	174,000	174,000	174,000	0	0

	<u>95-96 Change</u>	<u>96-97 Change</u>
Strategic Forces	-	-
General Purpose Forces	+644	+143
Intelligence & Communications	-	-6
General Research & Development	-7	-75
Other Defense Wide Missions	-	-
Logistics Support	-	-230
Personnel Support	-542	+243
Other Centralized Support	<u>-95</u>	<u>-75</u>
Total	0	0

MILITARY PERSONNEL/ACTIVE FORCE PERSONNEL

**MILITARY PERSONNEL
ACTIVE FORCE PERSONNEL
Air Force**

(End Strength)

	<u>FY 1994 Actual</u>	<u>FY 1995 Estimate</u>	<u>FY 1996 Estimate</u>	<u>FY 1997 Estimate</u>	<u>95-96 Change</u>	<u>96-97 Change</u>
Officer	81,003	77,700	75,928	74,641	-1,772	-1,287
Enlisted	341,317	318,351	308,272	306,759	-10,079	-1,513
Cadets	<u>4,007</u>	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>0</u>	<u>0</u>
Total	426,327	400,051	388,200	385,400	-11,851	-2,800

	<u>95-96 Change</u>	<u>96-97 Change</u>
Strategic Forces	-2,274	-1,093
General Purpose Forces	-8,565	-1,705
Intelligence & Communications	-2,380	-462
General Research & Development	-245	-95
Other Defense Wide Missions	-148	-60
Logistics Support	+424	-617
Personnel Support	+1,633	+1,334
Other Centralized Support	-296	-102
Total	-11,851	-2,800

MILITARY PERSONNEL
ACTIVE FORCE PERSONNEL
U.S. Special Operations Command (USSOCOM) Support

Included within the Services' estimates are the following active military end strength that provide direct support to USSOCOM.

	FY 1994 Actual	FY 1995 Estimate	(End Strength) FY 1996 Estimate	FY 1997 Estimate	95-96 Change	96-97 Change
<u>Army</u>						
Officer	14,932	15,583	15,446	15,511	-137	+65
Enlisted	2,350	2,905	2,916	2,939	+11	+23
	12,582	12,678	12,530	12,572	-148	+42
<u>Navy</u>						
Officer	4,539	4,653	4,954	5,002	+301	+48
Enlisted	730	738	777	782	+39	+5
	3,809	3,915	4,177	4,220	+262	+43
<u>Marine Corps</u>						
Officer	48	48	50	49	+2	-1
Enlisted	24	24	25	24	+1	-1
	24	24	25	25	+1	-
<u>Air Force</u>						
Officer	8,593	9,064	9,251	9,251	+187	-
Enlisted	1,382	1,656	1,671	1,671	+15	-
	7,211	7,408	7,580	7,580	+172	-
<u>DoD Total</u>						
Officer	28,112	29,348	29,701	29,813	+353	+112
Enlisted	4,486	5,323	5,389	5,416	+66	+27
	23,626	24,025	24,312	24,397	+287	+85

MILITARY PERSONNEL

SELECTED RESERVE, NATIONAL GUARD, AND RESERVE SUPPORT PERSONNEL

	FY 1994 Actual	FY 1995 Estimate	(End Strength) FY 1996 Estimate	FY 1997 Estimate	95-96 Change	96-97 Change
<u>Total DoD</u>	<u>1,090,829</u>	<u>1,059,663</u>	<u>1,018,852</u>	<u>990,125</u>	<u>-40,811</u>	<u>-28,727</u>
Reserve Military	998,330	964,997	927,035	900,713	-37,962	-26,322
(Trained in Units)	(870,850)	(840,699)	(801,530)	(779,503)	(-39,169)	(-22,027)
(Individual Mobilization Augmentees (IMAs))	(27,328)	(27,002)	(24,667)	(22,206)	(-2,335)	(-2,461)
(Training Pipeline)	(32,514)	(32,165)	(35,653)	(34,606)	(+3,488)	(-1,047)
(Full Time Duty)	(67,638)	(65,131)	(65,185)	(64,398)	(+54)	(-787)
Active Military	11,436	13,361	12,952	13,076	-409	+124
Civilians	81,063	81,305	78,865	76,336	-2,440	-2,529
(Technicians Included)	(66,785)	(66,723)	(63,528)	(61,386)	(-3,195)	(-2,142)
<u>By Service</u>	<u>1,090,829</u>	<u>1,059,663</u>	<u>1,018,852</u>	<u>990,125</u>	<u>-40,811</u>	<u>-28,727</u>
Army Reserve	270,115	253,876	241,826	226,722	-12,050	-15,104
Navy Reserve	114,422	109,146	106,833	104,693	-2,313	-2,140
Marine Corps Reserve	45,222	45,422	46,324	46,400	+902	+76
Air Force Reserve	95,970	95,411	90,128	88,916	-5,283	-1,212
Army National Guard	424,697	413,338	399,058	391,621	-14,280	-7,437
Air National Guard	140,403	142,470	134,683	131,773	-7,787	-2,910

MILITARY PERSONNEL

	FY 1994 <u>Actual</u>	FY 1995 <u>Estimate</u>	(End Strength)		95-96 <u>Change</u>	96-97 <u>Change</u>
			FY 1996 <u>Estimate</u>	FY 1997 <u>Estimate</u>		
<u>Army Reserve</u>						
Reserve Military	270,115	253,876	241,826	226,722	-12,050	-15,104
(Trained in Units)	259,856	242,000	230,000	215,000	-12,000	-15,000
(Individual Mobilization Augmentees (IMAs))	(223,767)	(206,236)	(192,319)	(182,065)	(-13,917)	(-10,254)
(Training Pipeline)	(13,009)	(13,000)	(10,500)	(8,000)	(-2,500)	(-2,500)
(Full Time Duty)	(10,538)	(10,824)	(15,606)	(13,385)	(+4,782)	(-2,221)
Active Military	(12,542)	(11,940)	(11,575)	(11,550)	(-365)	(-25)
Civilians	820	1,258	1,236	1,236	-22	-
(Technicians Included)	9,439	10,618	10,590	10,486	-28	-104
	(6,295)	(6,591)	(6,409)	(6,309)	(-182)	(-100)
<u>Navy Reserve</u>						
Reserve Military	114,422	109,146	106,833	104,693	-2,313	-2,140
(Trained in Units)	107,627	100,710	98,608	96,402	-2,102	-2,206
(Individual Mobilization Augmentees (IMAs))	(87,156)	(83,200)	(80,920)	(79,178)	(-2,280)	(-1,742)
(Training Pipeline)	(542)	(-)	(-)	(-)	(-)	(-)
(Full Time Duty)	(790)	(-)	(198)	(150)	(+198)	(-48)
Active Military	(19,139)	(17,510)	(17,490)	(17,074)	(-20)	(-416)
Civilians	4,074	5,764	5,588	5,662	-176	+74
(Technicians Included)	2,721	2,672	2,637	2,629	-35	-8
	(n/a)	(n/a)	(n/a)	(n/a)	(n/a)	(n/a)

MILITARY PERSONNEL

	FY 1994 Actual	FY 1995 Estimate	(End Strength) FY 1996 Estimate	FY 1997 Estimate	95-96 Change	96-97 Change
<u>Marine Corps Reserve</u>						
Reserve Military	45,222	45,422	46,324	46,400	+902	+76
(Trained in Units)	40,711	41,000	42,000	42,000	+1,000	-
(Individual Mobilization Augmentees (IMAs))	(34,250)	(34,330)	(34,985)	(34,890)	(+655)	(-95)
(Training Pipeline)	(1,489)	(1,600)	(1,750)	(1,815)	(+150)	(+65)
(Full Time Duty)	(2,699)	(2,785)	(2,980)	(3,010)	(+195)	(+30)
Active Military	(2,273)	(2,285)	(2,285)	(2,285)	(-)	(-)
Civilians	4,352	4,261	4,166	4,242	-95	+76
(Technicians Included)	159	161	158	158	-3	-
	(n/a)	(n/a)	(n/a)	(n/a)	(n/a)	(n/a)
<u>Air Force Reserve</u>						
Reserve Military	95,970	95,411	90,128	88,916	-5,283	-1,212
(Trained in Units)	79,621	78,706	73,969	73,160	-4,737	-809
(Individual Mobilization Augmentees (IMAs))	(66,044)	(64,579)	(59,847)	(59,067)	(-4,732)	(-780)
(Training Pipeline)	(12,288)	(12,402)	(12,417)	(12,391)	(+15)	(-26)
(Full Time Duty)	(641)	(1,077)	(1,077)	(1,077)	(-)	(-)
Active Military	(648)	(648)	(628)	(625)	(-20)	(-3)
Civilians	786	743	724	746	-19	+22
(Technicians Included)	15,563	15,962	15,435	15,010	-527	-425
	(9,607)	(10,425)	(9,467)	(9,349)	(-958)	(-118)

MILITARY PERSONNEL

	<u>FY 1994 Actual</u>	<u>FY 1995 Estimate</u>	<u>(End Strength) FY 1996 Estimate</u>	<u>FY 1997 Estimate</u>	<u>95-96 Change</u>	<u>96-97 Change</u>
<u>Army National Guard</u>	<u>424,697</u>	<u>413,338</u>	<u>399,058</u>	<u>391,621</u>	<u>-14,280</u>	<u>-7,437</u>
Reserve Military	396,928	387,000	373,000	367,000	-14,000	-6,000
(Trained in Units)	(357,094)	(348,171)	(336,218)	(329,376)	(-11,953)	(-6,842)
(Individual Mobilization Augmentees (IMAs))	(n/a)	(n/a)	(n/a)	(n/a)	(n/a)	(n/a)
(Training Pipeline)	(16,110)	(15,179)	(13,392)	(14,584)	(-1,787)	(+1,192)
(Full Time Duty)	(23,724)	(23,650)	(23,390)	(23,040)	(-260)	(-350)
Active Military	390	390	390	390	-	-
Civilians	27,379	25,948	25,668	24,231	-280	-1,437
(Technicians Included)	(26,820)	(25,489)	(25,094)	(23,657)	(-395)	(-1,437)

	<u>FY 1994 Actual</u>	<u>FY 1995 Estimate</u>	<u>(End Strength) FY 1996 Estimate</u>	<u>FY 1997 Estimate</u>	<u>95-96 Change</u>	<u>96-97 Change</u>
<u>Air National Guard</u>	<u>113,587</u>	<u>115,581</u>	<u>109,458</u>	<u>107,151</u>	<u>-6,123</u>	<u>-2,307</u>
Reserve Military	(102,539)	(104,183)	(97,241)	(94,927)	(-6,942)	(-2,314)
(Trained in Units)	(n/a)	(n/a)	(n/a)	(n/a)	(n/a)	(n/a)
(Individual Mobilization Augmentees (IMAs))	(1,689)	(2,300)	(2,400)	(2,400)	(+100)	(-)
(Training Pipeline)	(9,312)	(9,098)	(9,817)	(9,824)	(+719)	(+7)
(Full Time Duty)	1,014	945	848	800	-97	-48
Active Military	25,749	25,944	24,377	23,822	-1,567	-555
Civilians	(24,063)	(24,218)	(22,558)	(22,071)	(-1,660)	(-487)
(Technicians Included)						

HOST NATION SUPPORT

**HOST NATION SUPPORT
INFORMATION WILL BE PROVIDED
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EXHIBIT O-1

APPROP ID	ACCOUNT/BA/AG/SAG	FY 1994	FY 1995	FY 1996	FY 1997
<u>OPERATION AND MAINTENANCE, ARMY</u>					
BUDGET ACTIVITY 1: OPERATING FORCES					
LAND FORCES					
2020A	10 COMBAT UNITS	8,038,730	8,775,366	9,069,646	8,726,570
2020A	20 TACTICAL SUPPORT	1,162,097	1,788,170	1,882,069	1,716,652
2020A	30 THEATER DEFENSE FORCES	976,342	1,150,587	1,165,970	1,103,667
2020A	40 FORCE RELATED TRAINING/SPECIAL ACTIVITIES	163,376	257,355	178,670	170,917
2020A	50 FORCE COMMUNICATIONS	1,668,711	1,175,475	1,271,154	1,214,931
2020A	60 DEPOT MAINTENANCE	51,201	58,445	73,584	56,348
2020A	70 JCS EXERCISES	695,374	1,156,754	861,426	861,546
2020A	80 BASE SUPPORT	47,451	66,432	54,467	54,519
2020A	85 REPROGRAMMING/CREDITS	3,274,178	3,163,068	3,582,306	3,547,990
		0	(40,920)	0	0
LAND OPERATIONS SUPPORT					
2020A	90 COMBAT DEVELOPMENTS	386,187	290,093	251,301	245,098
2020A	100 UNIFIED COMMANDS	246,886	235,219	214,364	209,033
2020A	105 REPROGRAMMING/CREDITS	139,301	56,017	36,937	36,065
		0	(1,143)	0	0
TOTAL, BUDGET ACTIVITY 1:					
		8,424,917	9,065,459	9,320,947	8,971,668
BUDGET ACTIVITY 2: MOBILIZATION					
MOBILITY OPERATIONS					
2020A	110 POMCUS	457,219	583,783	696,760	604,667
2020A	120 STRATEGIC MOBILIZATION	107,704	119,557	86,830	88,665
2020A	130 WAR RESERVE ACTIVITIES	221,540	275,588	393,923	247,235
2020A	140 INDUSTRIAL PREPAREDNESS	27,135	99,101	72,166	121,589
		100,840	89,631	143,841	147,178

EXHIBIT O-1

APPROP ID	ACCOUNT/BA/AG/SAG	FY 1994	FY 1995	FY 1996	FY 1997
2020A	145 REPROGRAMMING/CREDITS	0	(94)	0	0
	TOTAL, BUDGET ACTIVITY 2:	457,219	583,783	696,760	604,667
	BUDGET ACTIVITY 3: TRAINING AND RECRUITING				
	ACCESSION TRAINING				
2020A	150 OFFICER ACQUISITION	291,955	305,970	314,798	329,964
2020A	160 RECRUIT TRAINING	51,115	54,564	58,328	61,885
2020A	170 ONE STATION UNIT TRAINING	10,308	10,273	11,228	12,352
2020A	180 RESERVE OFFICER TRAINING CORPS (ROTC)	11,269	15,532	17,008	19,091
2020A	190 BASE SUPPORT (ACADEMY ONLY)	108,706	111,367	109,789	113,513
2020A	195 REPROGRAMMING/CREDITS	110,557	115,573	118,445	123,123
		0	(1,339)	0	0
	BASIC SKILL/ ADVANCE TRAINING				
2020A	200 SPECIALIZED SKILL TRAINING	1,812,706	1,994,423	2,060,143	2,102,705
2020A	210 FLIGHT TRAINING	205,383	241,850	236,760	245,518
2020A	220 PROFESSIONAL DEVELOPMENT EDUCATION	215,227	267,282	218,514	218,064
2020A	230 TRAINING SUPPORT	69,167	87,368	68,981	80,830
2020A	240 BASE SUPPORT (OTHER TRAINING)	393,066	381,115	375,528	374,784
2020A	245 REPROGRAMMING/CREDITS	929,863	1,051,783	1,160,360	1,183,509
		0	(34,975)	0	0
	RECRUITING/OTHER TRAINING				
2020A	250 RECRUITING AND ADVERTISING	637,812	664,064	691,154	710,760
2020A	260 EXAMINING	159,143	192,905	211,375	216,589
2020A	270 OFF - DUTY AND VOLUNTARY EDUCATION	63,915	66,304	64,333	67,071
2020A	280 CIVILIAN EDUCATION AND TRAINING	113,142	101,494	103,812	104,153
2020A	290 JUNIOR ROTC	85,091	86,098	81,108	81,897
2020A	300 BASE SUPPORT (RECRUITING LEASES)	56,806	68,276	74,506	75,472
2020A	305 REPROGRAMMING/CREDITS	159,715	151,043	156,020	165,578
		0	(2,056)	0	0

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<u>APPROP ID</u>	<u>ACCOUNT/BA/AG/SAG</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
TOTAL, BUDGET ACTIVITY 3:					
		2,742,473	2,964,457	3,066,095	3,143,429
BUDGET ACTIVITY 4: ADMIN & SERVICEWIDE ACTIVITIES					
SECURITY PROGRAMS					
2020A	310 SECURITY PROGRAMS	354,101 354,101	383,149 383,149	362,333 362,333	373,658 373,658
LOGISTICS OPERATIONS					
2020A	320 SERVICEWIDE TRANSPORTATION	1,666,809	1,683,185	1,630,274	1,433,624
2020A	330 CENTRAL SUPPLY ACTIVITIES	597,313	557,360	542,910	530,680
2020A	340 LOGISTIC SUPPORT ACTIVITIES	451,604	412,422	487,281	362,145
2020A	350 AMMUNITION MANAGEMENT	340,882	344,555	299,230	285,884
2020A	355 REPROGRAMMING/CREDITS	277,010	389,240	300,853	254,915
		0	(20,392)	0	0
SERVICEWIDE SUPPORT					
2020A	360 ADMINISTRATION	4,088,845	2,748,686	2,826,103	2,810,456
2020A	370 SERVICEWIDE COMMUNICATIONS	605,000	270,794	275,238	283,579
2020A	380 MANPOWER MANAGEMENT	783,069	736,132	686,446	668,485
2020A	390 OTHER PERSONNEL SUPPORT	79,868	82,101	124,676	138,510
2020A	400 OTHER SERVICE SUPPORT	167,764	175,708	175,832	176,375
2020A	410 ARMY CLAIMS ACTIVITIES	593,898	567,597	568,225	594,565
2020A	420 REAL ESTATE MANAGEMENT	163,522	178,362	173,290	171,524
2020A	430 BASE SUPPORT	91,779	98,572	86,930	81,589
2020A	432 ENVIRONMENTAL RESTORATION	620,406	664,025	735,466	695,829
2020A	435 REPROGRAMMING/CREDITS	983,539	0	0	0
		0	(24,605)	0	0
SUPPORT OF OTHER NATIONS					
2020A	440 INTERNATIONAL MILITARY HEADQUARTERS	208,089	271,392	282,224	290,762
2020A	450 MISC SUPPORT OF OTHER NATIONS	176,582 31,507	245,331 26,604	252,778 29,446	257,920 32,842

EXHIBIT O-1

<u>APPROP ID</u>	<u>ACCOUNT/BA/AG/SAG</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
2020A	455 REPROGRAMMING/CREDITS	0	(543)	0	0
	TOTAL, BUDGET ACTIVITY 4:	6,317,844	5,086,412	5,100,934	4,908,500
	TOTAL, OPERATION AND MAINTENANCE, ARMY	17,942,453	17,700,111	18,184,736	17,628,264

EXHIBIT O-1

<u>APPROP ID</u>	<u>ACCOUNT/BA/AG/SAG</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
<u>OPERATION AND MAINTENANCE, NAVY</u>					
BUDGET ACTIVITY 1: OPERATING FORCES					
AIR OPERATIONS					
1804N	10 MISSION AND OTHER FLIGHT OPERATIONS	4,399,043	4,719,800	4,266,628	4,365,987
1804N	20 FLEET AIR TRAINING	1,971,904	1,968,166	1,788,301	1,806,647
1804N	30 INTERMEDIATE MAINTENANCE	646,461	758,417	627,871	639,844
1804N	40 AIR OPERATIONS AND SAFETY SUPPORT	91,952	66,610	68,070	65,397
1804N	50 AIRCRAFT DEPOT MAINTENANCE	138,264	77,128	59,060	72,140
1804N	60 AIRCRAFT DEPOT OPERATIONS SUPPORT	476,561	681,132	489,443	539,830
1804N	70 BASE SUPPORT	29,263	31,921	28,232	30,227
1804N	75 REPROGRAMMING/CREDITS	1,044,638	1,159,689	1,205,651	1,211,902
		0	(23,263)	0	0
SHIP OPERATIONS					
1804N	80 MISSION AND OTHER SHIP OPERATIONS	6,445,509	7,194,834	6,879,010	6,734,199
1804N	90 SHIP OPERATIONAL SUPPORT AND TRAINING	1,968,211	1,907,675	1,885,234	1,907,429
1804N	100 INTERMEDIATE MAINTENANCE	429,964	498,229	462,396	484,769
1804N	110 SHIP DEPOT MAINTENANCE	465,628	439,314	401,812	407,453
1804N	120 SHIP DEPOT OPERATIONS SUPPORT	1,729,305	2,387,205	2,261,190	1,985,184
1804N	130 BASE SUPPORT	676,553	921,403	758,320	818,876
1804N	135 REPROGRAMMING/CREDITS	1,175,848	1,063,432	1,110,058	1,130,488
		0	(22,424)	0	0
COMBAT OPERATIONS/SUPPORT					
1804N	140 COMBAT COMMUNICATIONS	1,770,035	1,556,085	1,581,800	1,574,320
1804N	150 ELECTRONIC WARFARE	224,741	207,295	198,415	188,342
1804N	160 SPACE SYSTEMS AND SURVEILLANCE	5,907	6,638	7,396	7,670
1804N	170 WARFARE TACTICS	247,602	142,361	153,881	147,798
		156,473	145,666	138,256	137,923

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APPROP ID	ACCOUNT/BA/AG/SAG	FY 1994	FY 1995	FY 1996	FY 1997
1804N	180 OPERATIONAL METEOROLOGY AND OCEANOGRAPHY	199,403	182,727	198,719	211,936
1804N	190 COMBAT SUPPORT FORCES	337,614	291,358	339,888	306,895
1804N	200 EQUIPMENT MAINTENANCE	143,411	155,608	145,820	175,860
1804N	210 DEPOT OPERATIONS SUPPORT	1,396	1,261	1,127	1,361
1804N	220 BASE SUPPORT	453,488	425,362	398,298	396,535
1804N	225 REPROGRAMMING/CREDITS	0	(2,191)	0	0
	<u>WEAPONS SUPPORT</u>	<u>1,529,374</u>	<u>1,471,729</u>	<u>1,424,119</u>	<u>1,437,566</u>
1804N	230 CRUISE MISSILE	100,852	110,640	96,656	91,639
1804N	240 FLEET BALLISTIC MISSILE	796,681	778,517	788,463	778,989
1804N	250 IN-SERVICE WEAPONS SYSTEMS SUPPORT	38,815	27,744	25,945	25,874
1804N	260 WEAPONS MAINTENANCE	445,391	461,502	401,879	432,838
1804N	270 BASE SUPPORT	147,635	93,752	111,176	108,226
1804N	275 REPROGRAMMING/CREDITS	0	(426)	0	0
1804N	276 DBOF SUPPORT	0	0	695,100	0
1804N	277 BRAC IV PROJECTED SAVINGS	0	0	0	(421,000)
	TOTAL, BUDGET ACTIVITY 1:	14,143,961	14,942,448	14,846,657	13,691,072
	BUDGET ACTIVITY 2: MOBILIZATION				
	<u>READY RESERVE AND PREPOSITIONING FORCES</u>	<u>530,660</u>	<u>446,611</u>	<u>511,034</u>	<u>499,888</u>
1804N	280 SHIP PREPOSITIONING AND SURGE	530,660	448,793	511,034	499,888
1804N	285 REPROGRAMMING/CREDITS	0	(2,182)	0	0
	<u>ACTIVATIONS/INACTIVATIONS</u>	<u>711,804</u>	<u>736,201</u>	<u>479,601</u>	<u>603,697</u>
1804N	290 AIRCRAFT ACTIVATIONS/INACTIVATIONS	5,890	8,902	7,215	3,093
1804N	300 SHIP ACTIVATIONS/INACTIVATIONS	705,914	727,346	472,386	600,604
1804N	305 REPROGRAMMING/CREDITS	0	(47)	0	0

EXHIBIT O-1

APPROP ID	ACCOUNT/BA/AG/SAG	FY 1994	FY 1995	FY 1996	FY 1997
	<u>MOBILIZATION PREPAREDNESS</u>				
1804N	310 FLEET HOSPITAL PROGRAM	37,469	93,108	39,593	41,251
1804N	320 INDUSTRIAL READINESS	17,408	16,280	16,162	15,998
1804N	330 COAST GUARD SUPPORT	3,258	58,774	1,917	2,353
1804N	335 REPROGRAMMING/CREDITS	16,803	18,066	21,514	22,900
		0	(12)	0	0
	TOTAL, BUDGET ACTIVITY 2:	1,279,933	1,275,920	1,030,228	1,144,836
	<u>BUDGET ACTIVITY 3: TRAINING AND RECRUITING</u>				
	<u>ACCESSION TRAINING</u>				
1804N	340 OFFICER ACQUISITION	218,130	242,843	249,069	250,901
1804N	350 RECRUIT TRAINING	55,736	61,387	66,755	68,650
1804N	360 RESERVE OFFICERS TRAINING CORPS (ROTC)	5,152	4,418	4,667	5,022
1804N	370 BASE SUPPORT	55,338	60,763	64,836	69,021
1804N	375 REPROGRAMMING/CREDITS	101,904	116,764	112,811	108,208
		0	(489)	0	0
	<u>BASIC SKILLS AND ADVANCED TRAINING</u>				
1804N	380 SPECIALIZED SKILL TRAINING	1,146,975	1,178,446	1,087,406	1,108,569
1804N	390 FLIGHT TRAINING	214,189	228,452	212,121	211,195
1804N	400 PROFESSIONAL DEVELOPMENT EDUCATION	291,531	308,544	273,004	296,743
1804N	410 TRAINING SUPPORT	55,553	55,320	61,214	67,136
1804N	420 BASE SUPPORT	142,265	132,816	125,237	119,805
1804N	425 REPROGRAMMING/CREDITS	443,437	455,828	415,830	413,690
		0	(2,514)	0	0
	<u>RECRUITING, AND OTHER TRAINING AND EDUCATION</u>				
1804N	430 RECRUITING AND ADVERTISING	212,612	221,460	225,217	234,961
1804N	440 OFF - DUTY AND VOLUNTARY EDUCATION	112,195	118,640	122,820	131,729
1804N	450 CIVILIAN EDUCATION AND TRAINING	58,350	56,507	54,970	54,806
1804N	460 JUNIOR ROTC	23,901	24,284	22,223	22,176
		17,229	21,433	24,382	25,410

EXHIBIT O-1

APPROP ID	ACCOUNT/BA/AG/SAG	FY 1994	FY 1995	FY 1996	FY 1997
1804N	470 BASE SUPPORT				
1804N	475 REPROGRAMMING/CREDITS	937	790	822	840
		0	(194)	0	0
	TOTAL, BUDGET ACTIVITY 3:	1,577,717	1,642,749	1,561,692	1,594,431
	BUDGET ACTIVITY 4: ADMIN & SERVICEWIDE ACTIVITIES				
	<u>SERVICEWIDE SUPPORT</u>				
1804N	480 ADMINISTRATION	1,523,793	1,506,179	1,758,993	1,741,816
1804N	490 EXTERNAL RELATIONS	399,990	398,042	605,287	614,509
1804N	500 CIVILIAN MANPOWER AND PERSON MANAGEMENT	21,318	24,917	21,684	22,667
1804N	510 MILITARY MANPOWER AND PERSON MANAGEMENT	69,402	68,273	63,166	57,918
1804N	520 OTHER PERSONNEL SUPPORT	135,890	138,845	139,864	135,462
1804N	530 SERVICEWIDE COMMUNICATIONS	390,228	422,288	395,629	390,660
1804N	540 BASE SUPPORT	221,923	204,605	261,463	243,497
1804N	542 MEDICAL ACTIVITIES (DRUG TESTING LABS)	266,965	262,178	271,900	277,103
1804N	545 REPROGRAMMING/CREDITS	18,077	0	0	0
		0	(12,969)	0	0
	<u>LOGISTICS OPERATIONS AND TECHNICAL SUPPORT</u>				
1804N	550 SERVICEWIDE TRANSPORTATION	1,782,957	1,440,294	1,453,266	1,499,382
1804N	560 PLANNING, ENGINEERING AND DESIGN	244,036	156,378	147,132	153,827
1804N	570 ACQUISITION AND PROGRAM MANAGEMENT	688,673	255,799	249,620	244,339
1804N	580 AIR SYSTEMS SUPPORT	390,175	394,492	426,404	424,186
1804N	590 HULL, MECHANICAL AND ELECTRICAL SUPPORT	174,228	337,694	302,011	329,847
1804N	600 COMBAT/WEAPONS SYSTEMS	57,770	54,469	60,022	69,588
1804N	610 SPACE AND ELECTRONIC WARFARE SYSTEMS	19,130	36,566	41,632	43,308
1804N	620 BASE SUPPORT	68,213	67,784	68,111	72,200
1804N	625 REPROGRAMMING/CREDITS	140,732	141,541	158,334	162,087
		0	(4,429)	0	0
	<u>SECURITY PROGRAMS</u>				
		537,256	513,694	567,479	575,475

EXHIBIT O-1

<u>APPROP ID</u>	<u>ACCOUNT/BA/AG/SAG</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
1804N	630 SECURITY PROGRAMS	532,669	500,817	556,805	564,058
1804N	640 BASE SUPPORT	4,587	12,877	10,674	11,417
	SUPPORT OF OTHER NATIONS	<u>8,237</u>	<u>7,368</u>	<u>7,395</u>	<u>7,495</u>
1804N	650 INTERNATIONAL HEADQUARTERS AND AGENCIES	8,237	7,368	7,395	7,495
	TOTAL, BUDGET ACTIVITY 4:	3,852,243	3,467,535	3,787,133	3,824,168
	TOTAL, OPERATION AND MAINTENANCE, NAVY	20,853,854	21,328,652	21,225,710	20,254,507

<u>APPROP ID</u>	<u>ACCOUNT/BA/AG/SAG</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
<u>OPERATION AND MAINTENANCE, MARINE CORPS</u>					
<u>BUDGET ACTIVITY 1: OPERATING FORCES</u>					
	<u>EXPEDITIONARY FORCES</u>				
1106N	10 OPERATIONAL FORCES	<u>1,233,884</u>	<u>1,383,191</u>	<u>1,544,019</u>	<u>1,544,759</u>
1106N	20 FIELD LOGISTICS	314,099	324,641	334,133	356,261
1106N	30 DEPOT MAINTENANCE	142,735	150,754	158,299	169,967
1106N	40 BASE SUPPORT	41,962	171,749	148,574	135,074
1106N	45 REPROGRAMMING/CREDITS	735,088	743,243	903,013	883,457
		0	(7,196)	0	0
	<u>USMC PREPOSITIONING</u>				
1106N	50 MARITIME PREPOSITIONING	<u>101,464</u>	<u>78,399</u>	<u>85,435</u>	<u>88,302</u>
1106N	60 NORWAY PREPOSITIONING	93,809	70,895	77,416	80,139
1106N	65 REPROGRAMMING/CREDITS	7,655	7,868	8,019	8,163
		0	(364)	0	0
	<u>TOTAL, BUDGET ACTIVITY 1:</u>	<u>1,335,348</u>	<u>1,461,590</u>	<u>1,629,454</u>	<u>1,633,061</u>
<u>BUDGET ACTIVITY 3: TRAINING AND RECRUITING</u>					
	<u>ACCESSION TRAINING</u>				
1106N	70 RECRUIT TRAINING	<u>56,480</u>	<u>66,240</u>	<u>74,165</u>	<u>75,466</u>
1106N	80 OFFICER ACQUISITION	5,534	7,959	7,343	7,713
1106N	90 BASE SUPPORT	198	216	268	274
1106N	95 REPROGRAMMING/CREDITS	50,748	58,235	66,554	67,479
		0	(170)	0	0
	<u>BASIC SKILLS AND ADVANCED TRAINING</u>				
1106N	100 SPECIALIZED SKILLS TRAINING	<u>153,340</u>	<u>155,648</u>	<u>175,769</u>	<u>173,994</u>
		23,941	22,223	25,057	21,682

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APPROP ID	ACCOUNT/BA/AG/SAG	FY 1994	FY 1995	FY 1996	FY 1997
1106N	110 FLIGHT TRAINING	100	151	165	171
1106N	120 PROFESSIONAL DEVELOPMENT EDUCATION	5,309	5,698	5,792	6,042
1106N	130 TRAINING SUPPORT	66,111	70,622	74,964	76,673
1106N	140 BASE SUPPORT	57,879	57,754	69,791	69,426
1106N	145 REPROGRAMMING/CREDITS	0	(800)	0	0
	<u>RECRUITING AND OTHER TRAINING EDUCATION</u>				
1106N	150 RECRUITING AND ADVERTISING	75,005	89,339	93,176	90,639
1106N	160 OFF - DUTY AND VOLUNTARY EDUCATION	55,271	61,204	61,037	60,018
1106N	170 JUNIOR ROTC	10,774	11,080	11,055	10,844
1106N	180 BASE SUPPORT	4,975	7,577	7,588	8,758
1106N	185 REPROGRAMMING/CREDITS	3,985	9,528	13,496	11,019
		0	(50)	0	0
	TOTAL, BUDGET ACTIVITY 3:	284,825	311,227	343,110	340,099
	BUDGET ACTIVITY 4: ADMIN & SERVICEWIDE ACTIVITIES				
	<u>SERVICEWIDE SUPPORT</u>				
1106N	190 LOGISTICS SUPPORT	282,316	296,588	297,158	311,887
1106N	200 SPECIAL SUPPORT	93,469	97,705	95,596	101,015
1106N	210 SERVICEWIDE TRANSPORTATION	116,439	130,711	131,023	134,875
1106N	220 ADMINISTRATION	37,423	39,447	31,931	39,867
1106N	230 BASE SUPPORT	26,299	22,972	28,523	25,681
1106N	235 REPROGRAMMING/CREDITS	8,686	9,473	10,085	10,449
		0	(3,720)	0	0
	TOTAL, BUDGET ACTIVITY 4:	282,316	296,588	297,158	311,887
	TOTAL, O&M, MARINE CORPS	1,902,489	2,069,405	2,269,722	2,285,047

APPROP ID	ACCOUNT/BA/AG/SAG	FY 1994	FY 1995	FY 1996	FY 1997
<u>OPERATION AND MAINTENANCE, AIR FORCE</u>					
BUDGET ACTIVITY 1: OPERATING FORCES					
AIR OPERATIONS					
3400F	10 PRIMARY COMBAT FORCES	6,574,517	7,402,243	7,260,977	7,248,451
3400F	20 PRIMARY COMBAT WEAPONS	2,480,593	2,833,101	2,684,913	2,688,725
3400F	30 COMBAT ENHANCEMENT FORCES	470,519	511,690	409,701	398,331
3400F	40 AIR OPERATIONS TRAINING	275,063	276,120	257,139	233,880
3400F	50 COMBAT COMMUNICATIONS	484,710	661,814	647,570	634,264
3400F	60 BASE SUPPORT	536,458	861,795	854,442	925,486
3400F	65 REPROGRAMMING/CREDITS	2,327,174	2,281,778	2,407,212	2,367,765
		0	(24,055)	0	0
COMBAT RELATED OPERATIONS					
3400F	70 GLOBAL C3I AND EARLY WARNING	1,530,042	1,395,580	1,509,701	1,497,105
3400F	80 NAVIGATION/WEATHER SUPPORT	721,460	704,620	826,526	817,908
3400F	90 OTHER COMBAT OPS SUPPORT PROGRAMS	123,457	121,423	128,374	125,082
3400F	100 JCS EXERCISES	325,692	215,425	210,481	204,939
3400F	110 MANAGEMENT/OPERATIONAL HEADQUARTERS	29,846	38,265	41,793	39,169
3400F	120 TACTICAL INTEL AND OTHER SPECIAL ACTIVITIES	153,247	130,135	111,914	108,849
3400F		176,340	185,712	190,613	201,158
SPACE OPERATIONS					
3400F	130 LAUNCH FACILITIES	1,131,836	1,241,803	1,245,644	1,293,297
3400F	140 LAUNCH VEHICLES	219,593	259,526	254,590	252,787
3400F	150 SPACE CONTROL SYSTEMS	105,940	114,471	117,482	119,205
3400F	160 SATELLITE SYSTEMS	339,207	375,577	341,862	334,439
3400F	170 OTHER SPACE OPERATIONS	31,684	39,106	49,132	54,475
3400F	180 BASE SUPPORT	83,497	87,073	79,989	89,412
3400F		351,915	366,050	402,589	442,979

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APPROP ID	ACCOUNT/BA/AG/SAG	FY 1994	FY 1995	FY 1996	FY 1997
TOTAL, BUDGET ACTIVITY 1:					
		9,236,395	10,039,626	10,016,322	10,038,853
BUDGET ACTIVITY 2: MOBILIZATION					
MOBILITY OPERATIONS					
3400F	190 AIRLIFT OPERATIONS	4,836,125	3,162,426	2,523,373	2,590,893
3400F	200 AIRLIFT OPERATIONS C3I	1,316,589	1,270,193	1,544,785	1,588,805
3400F	210 MOBILIZATION PREPAREDNESS	21,545	12,790	10,961	11,048
3400F	220 PAYMENTS TO TRANSPORTATION BUSINESS AREA	200,965	168,104	160,110	149,631
3400F	230 BASE SUPPORT	1,527,654	1,271,456	293,027	297,275
		1,769,372	439,883	514,490	544,134
TOTAL, BUDGET ACTIVITY 2:					
		4,836,125	3,162,426	2,523,373	2,590,893
BUDGET ACTIVITY 3: TRAINING AND RECRUITING					
ACCESSION TRAINING					
3400F	240 OFFICER ACQUISITION	156,024	172,399	183,970	190,040
3400F	250 RECRUIT TRAINING	40,224	46,820	49,197	50,704
3400F	260 RESERVE OFFICER TRAINING CORPS (ROTC)	5,714	4,051	3,881	3,888
3400F	270 BASE SUPPORT (ACADEMIES ONLY)	31,310	37,202	39,226	40,898
3400F	275 REPROGRAMMING/CREDITS	78,776	84,585	91,666	94,550
		0	(259)	0	0
BASIC SKILLS AND ADVANCED TRAINING					
3400F	280 SPECIALIZED SKILL TRAINING	1,174,833	1,101,067	1,230,608	1,257,192
3400F	290 FLIGHT TRAINING	193,561	197,204	204,465	198,070
3400F	300 PROFESSIONAL DEVELOPMENT EDUCATION	330,422	275,516	336,956	354,965
3400F	310 TRAINING SUPPORT	80,137	78,631	78,688	72,738
3400F	320 BASE SUPPORT (OTHER TRAINING)	82,596	70,993	65,048	64,206
3400F	325 REPROGRAMMING/CREDITS	488,117	479,525	545,451	567,213
		0	(802)	0	0

EXHIBIT O-1

APPROP ID	ACCOUNT/BA/AG/SAG	FY 1994	FY 1995	FY 1996	FY 1997
	<u>RECRUITING, AND OTHER TRAINING AND EDUCATION</u>				
3400F	330 RECRUITING AND ADVERTISING	<u>222,320</u>	<u>234,477</u>	<u>226,182</u>	<u>219,305</u>
3400F	340 EXAMINING	40,315	43,978	44,827	45,129
3400F	350 OFF DUTY AND VOLUNTARY EDUCATION	4,230	2,994	3,122	3,162
3400F	360 CIVILIAN EDUCATION AND TRAINING	86,880	83,327	75,537	75,781
3400F	370 JUNIOR ROTC	74,360	82,974	77,304	69,268
3400F	375 REPROGRAMMING/CREDITS	16,535	22,288	25,392	25,965
		0	(1,084)	0	0
	TOTAL, BUDGET ACTIVITY 3:	1,553,177	1,507,943	1,640,760	1,666,537
	<u>BUDGET ACTIVITY 4: ADMIN & SERVICEWIDE ACTIVITIES</u>				
	<u>LOGISTICS OPERATIONS</u>				
3400F	380 LOGISTICS OPERATIONS	<u>2,143,916</u>	<u>2,373,032</u>	<u>2,280,043</u>	<u>2,264,516</u>
3400F	390 TECHNICAL SUPPORT ACTIVITIES	726,673	868,432	790,324	798,258
3400F	400 SERVICEWIDE TRANSPORTATION	337,118	332,263	365,535	353,411
3400F	410 BASE SUPPORT	254,946	250,633	234,836	207,369
3400F	415 REPROGRAMMING/CREDITS	825,179	928,004	889,348	905,478
		0	(6,300)	0	0
	<u>SERVICEWIDE ACTIVITIES</u>				
3400F	420 ADMINISTRATION	<u>1,983,995</u>	<u>1,414,833</u>	<u>1,335,859</u>	<u>1,307,607</u>
3400F	430 SERVICEWIDE COMMUNICATIONS	133,463	112,262	118,319	118,651
3400F	440 PERSONNEL PROGRAMS	373,423	325,199	318,240	320,908
3400F	450 RESCUE AND RECOVERY SERVICES	72,662	76,776	84,766	86,786
3400F	460 SUBSISTENCE-IN-KIND	34,072	39,271	40,426	42,471
3400F	470 ARMS CONTROL	53,544	51,797	48,429	47,774
3400F	480 OTHER SERVICEWIDE ACTIVITIES	25,429	27,815	34,645	33,519
3400F	490 OTHER PERSONNEL SUPPORT	1,072,849	590,628	396,155	347,494
3400F	500 CIVIL AIR PATROL CORPORATION	29,750	32,485	32,080	32,454
		7,108	10,195	14,704	14,863

EXHIBIT O-1

<u>APPROP ID</u>	<u>ACCOUNT/BA/AG/SAG</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
3400F	510 BASE SUPPORT	181,695	155,198	248,095	262,687
3400F	515 REPROGRAMMING/CREDITS	0	(6,793)	0	0
	<u>SECURITY PROGRAMS</u>				
3400F	520 SECURITY PROGRAMS	<u>757,676</u>	<u>449,097</u>	<u>447,218</u>	<u>465,254</u>
		757,676	449,097	447,218	465,254
	<u>SUPPORT TO OTHER NATIONS</u>				
3400F	530 INTERNATIONAL SUPPORT	<u>7,577</u>	<u>7,270</u>	<u>13,022</u>	<u>13,191</u>
		7,577	7,270	13,022	13,191
	TOTAL, BUDGET ACTIVITY 4:	4,893,164	4,244,232	4,076,142	4,050,568
	TOTAL, O&M, AIR FORCE	20,518,861	18,954,227	18,256,597	18,346,851

EXHIBIT O-1

APPROP ID	ACCOUNT/BA/AG/SAG	FY 1994	FY 1995	FY 1996	FY 1997
<u>OPERATION AND MAINTENANCE, DEFENSE - WIDE</u>					
BUDGET ACTIVITY 1: OPERATING FORCES					
0100D	10 JOINT CHIEFS OF STAFF	353,102	380,552	475,977	474,192
0100D	20 SPECIAL OPERATIONS COMMAND	1,024,874	987,804	1,018,476	1,047,429
	TOTAL, BUDGET ACTIVITY 1:	1,377,976	1,368,356	1,494,453	1,521,621
BUDGET ACTIVITY 2: MOBILIZATION					
0100D	30 DEFENSE LOGISTICS AGENCY	110,700	57,800	26,000	24,400
0100D	35 OFFICE OF THE SECRETARY OF DEFENSE	14,120	0	0	0
0100D	40 WASHINGTON HEADQUARTERS SERVICES	0	45,781	45,438	44,150
	TOTAL, BUDGET ACTIVITY 2:	124,820	103,581	71,438	68,550
BUDGET ACTIVITY 3: TRAINING AND RECRUITING					
0100D	50 DEFENSE ACQUISITION UNIVERSITY	86,808	93,569	112,991	114,653
0100D	60 DEFENSE BUSINESS MANAGEMENT UNIVERSITY	3,842	3,961	19,669	23,982
	TOTAL, BUDGET ACTIVITY 3:	90,650	97,530	132,660	138,635
BUDGET ACTIVITY 4: ADMIN & SERVICEWIDE ACTIVITIES					
0100D	70 AMERICAN FORCES INFORMATION SERVICE	73,202	98,438	90,892	91,614
0100D	80 CORPORATE INFORMATION MANAGEMENT	104,687	104,974	127,967	141,108
0100D	90 CLASSIFIED AND INTELLIGENCE	2,979,121	3,016,834	3,350,037	3,384,808
0100D	100 DEFENSE CIVILIAN PERSONNEL MANAGEMENT SERVICE	28,594	34,001	45,631	50,515
0100D	110 DEFENSE CONTRACT AUDIT AGENCY	334,196	336,748	342,926	347,603
0100D	120 DEFENSE INVESTIGATIVE SERVICE	193,866	197,851	201,582	196,436

EXHIBIT O-1

APPROP ID	ACCOUNT/BA/AG/SAG	FY 1994	FY 1995	FY 1996	FY 1997
0100D	130 DEFENSE LOGISTICS AGENCY	1,234,730	1,172,602	1,055,996	1,061,344
0100D	140 DEFENSE LEGAL SERVICES AGENCY	6,591	7,139	6,540	6,453
0100D	150 DEFENSE MAPPING AGENCY	718,591	696,353	734,438	745,559
0100D	160 DEFENSE NUCLEAR AGENCY	75,368	87,535	96,105	96,351
0100D	170 DEFENSE POW/MIA OFFICE	0	14,423	13,486	14,185
0100D	180 FEDERAL ENERGY MANAGEMENT PROGRAM	51,277	170,715	234,682	234,558
0100D	190 DEPARTMENT OF DEFENSE DEPENDENTS EDUCATION	1,191,548	1,259,099	1,292,684	1,334,348
0100D	200 DEFENSE SUPPORT ACTIVITIES	58,070	63,506	82,562	78,233
0100D	210 DEFENSE TECHNOLOGY SECURITY ADMINISTRATION	9,110	10,086	10,858	10,829
0100D	220 JOINT CHIEFS OF STAFF	106,099	101,324	97,873	99,521
0100D	230 OFFICE OF ECONOMIC ADJUSTMENT	75,181	38,939	59,078	40,740
0100D	240 OFFICE OF THE SECRETARY OF DEFENSE	444,092	499,762	349,291	382,713
0100D	245 OFFICE OF THE SECRETARY OF DEFENSE (NO YEAR)	12,945	8,355	0	0
0100D	250 ON SITE INSPECTION AGENCY	51,091	88,700	97,987	109,275
0100D	260 WASHINGTON HEADQUARTERS SERVICES	171,408	465,785	308,421	332,032
	TOTAL, BUDGET ACTIVITY 4:	7,919,767	8,473,169	8,599,036	8,758,225
	BUDGET ACTIVITY 5: INTEREST				
0100D	270 DEFENSE BUSINESS MANAGEMENT UNIVERSITY	0	0	0	5,161
	TOTAL, BUDGET ACTIVITY 5:	0	0	0	5,161
	BUDGET ACTIVITY 6: CAPITAL LEASE				
0100D	280 DEFENSE BUSINESS MANAGEMENT UNIVERSITY	0	0	69,195	0
	TOTAL, BUDGET ACTIVITY 6:	0	0	69,195	0
	TOTAL, O&M, DEFENSE--WIDE	9,513,213	10,042,636	10,366,782	10,492,192

<u>APPROP ID</u>	<u>ACCOUNT/BA/AG/SAG</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
<u>OPERATION AND MAINTENANCE, ARMY RESERVE</u>					
BUDGET ACTIVITY 1: OPERATING FORCES					
	<u>MISSION OPERATIONS</u>				
2080A	10 BASE SUPPORT	943,254	1,115,362	958,790	920,548
2080A	20 DEPOT MAINTENANCE	223,498	291,103	284,036	292,308
2080A	30 RECRUITING AND RETENTION	32,078	90,126	57,377	49,828
2080A	40 TRAINING OPERATIONS	39,358	38,248	43,963	45,003
		648,320	695,885	573,414	533,409
	TOTAL, BUDGET ACTIVITY 1:	943,254	1,115,362	958,790	920,548
BUDGET ACTIVITY 4: ADMIN & SERVICEWIDE ACTIVITIES					
	<u>ADMINISTRATION AND SERVICEWIDE ACTIVITIES</u>				
2080A	50 INFORMATION MANAGEMENT	129,427	124,797	109,801	113,082
2080A	60 PUBLIC AFFAIRS	36,936	28,434	17,492	19,230
2080A	70 PERSONNEL ADMINISTRATION	666	418	423	431
2080A	80 STAFF MANAGEMENT	44,163	63,043	61,941	63,801
		47,662	32,902	29,945	29,620
	TOTAL, BUDGET ACTIVITY 4:	129,427	124,797	109,801	113,082
	TOTAL, O&M, ARMY RESERVE	1,072,681	1,240,159	1,068,591	1,033,630

EXHIBIT O--1

<u>APPROP ID</u>	<u>ACCOUNT/BA/AG/SAG</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
<u>OPERATION AND MAINTENANCE, NAVY RESERVE</u>					
BUDGET ACTIVITY 1: OPERATING FORCES					
	<u>RESERVE AIR OPERATIONS</u>				
1806N	10 MISSION AND OTHER FLIGHT OPERATIONS	482,310	518,132	491,949	521,818
1806N	20 INTERMEDIATE MAINTENANCE	292,046	266,526	291,673	305,025
1806N	30 AIR OPERATION AND SAFETY SUPPORT	17,407	19,349	17,813	18,367
1806N	40 AIRCRAFT DEPOT MAINTENANCE	1,537	1,853	1,915	1,982
1806N	50 AIRCRAFT DEPOT OPS SUPPORT	64,258	90,542	49,338	59,580
1806N	60 BASE SUPPORT	422	362	356	358
		106,640	139,500	130,854	136,506
	<u>RESERVE SHIP OPERATIONS</u>				
1806N	70 MISSION AND OTHER SHIP OPERATIONS	92,512	126,563	157,940	163,158
1806N	80 SHIP OPERATIONAL SUPPORT AND TRAINING	44,307	50,748	60,895	60,223
1806N	90 INTERMEDIATE MAINTENANCE	0	658	658	658
1806N	100 SHIP DEPOT MAINTENANCE	20,103	20,875	23,990	20,499
1806N	110 SHIP DEPOT OPERATIONS SUPPORT	26,686	52,712	70,930	79,920
		1,416	1,570	1,467	1,858
	<u>RESERVE COMBAT OPERATIONS SUPPORT</u>				
1806N	120 COMBAT COMMUNICATIONS	83,198	84,671	78,434	79,506
1806N	130 COMBAT SUPPORT FORCES	578	648	817	703
1806N	140 BASE SUPPORT	25,235	25,716	25,207	25,614
		57,385	58,307	52,410	53,189
	<u>RESERVE WEAPONS SUPPORT</u>				
1806N	150 WEAPONS MAINTENANCE	7,872	10,572	5,641	5,406
		7,872	10,572	5,641	5,406

EXHIBIT O-1

<u>APPROP ID</u>	<u>ACCOUNT/BA/AG/SAG</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
TOTAL, BUDGET ACTIVITY 1:					
		665,892	739,938	733,964	769,888
BUDGET ACTIVITY 4: ADMIN & SERVICEWIDE ACTIVITIES					
<u>ADMINISTRATION AND SERVICEWIDE ACTIVITIES</u>					
1806N	160 ADMINISTRATION	<u>91,451</u>	<u>91,362</u>	<u>92,078</u>	<u>94,824</u>
1806N	170 CIVILIAN MANPOWER AND PERSONNEL MANAGEMENT	7,767	8,014	8,029	8,011
1806N	180 MILITARY MANPOWER AND PERSONNEL MANAGEMENT	3,005	3,082	3,222	3,332
1806N	190 OTHER PERSONNEL SUPPORT	28,349	29,820	31,209	32,766
1806N	200 SERVICEWIDE COMMUNICATIONS	2,032	2,725	0	0
1806N	210 BASE SUPPORT	22,781	20,911	21,247	21,319
1806N	220 COMBAT/WEAPONS SYSTEMS	24,773	23,848	25,723	26,709
		2,744	2,962	2,648	2,687
TOTAL, BUDGET ACTIVITY 4:					
		91,451	91,362	92,078	94,824
TOTAL, O&M, NAVY RESERVE					
		757,343	831,300	826,042	864,712

EXHIBIT O-1

<u>APPROP ID</u>	<u>ACCOUNT/BA/AG/SAG</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
<u>OPERATION AND MAINTENANCE, MARINE CORPS RESERVE</u>					
BUDGET ACTIVITY 1: OPERATING FORCES					
	<u>MISSION FORCES</u>				
1107N	10 TRAINING	60,538	54,652	55,235	58,915
1107N	20 OPERATING FORCES	12,735	12,999	13,617	14,028
1107N	30 BASE SUPPORT	25,466	20,876	21,237	23,467
1107N	40 DEPOT MAINTENANCE	20,583	17,965	18,059	18,930
1107N	45 REPROGRAMMING/CREDITS	1,754	2,812	2,322	2,490
TOTAL, BUDGET ACTIVITY 1:		60,538	54,652	55,235	58,915
BUDGET ACTIVITY 4: ADMIN & SERVICEWIDE ACTIVITIES					
	<u>ADMINISTRATION AND SERVICEWIDE ACTIVITIES</u>				
1107N	50 RECRUITING AND ADVERTISING	30,706	27,273	35,048	36,357
1107N	60 SPECIAL SUPPORT	7,197	7,257	7,609	7,769
1107N	70 SERVICEWIDE TRANSPORTATION	6,720	6,850	9,064	9,252
1107N	80 ADMINISTRATION	5,924	5,379	5,381	5,505
1107N	90 BASE SUPPORT	6,197	6,031	6,274	6,343
		4,668	1,756	6,720	7,488
TOTAL, BUDGET ACTIVITY 4:		30,706	27,273	35,048	36,357
TOTAL, O&M, MARINE CORPS RESERVE		91,244	81,925	90,283	95,272

<u>APPROP ID</u>	<u>ACCOUNT/BA/AG/SAG</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
<u>OPERATION AND MAINTENANCE, AIR FORCE RESERVE</u>					
BUDGET ACTIVITY 1: OPERATING FORCES					
	<u>AIR OPERATIONS</u>				
3740F	10 AIRCRAFT OPERATIONS	<u>1,294,643</u>	<u>1,407,027</u>	<u>1,420,914</u>	<u>1,435,681</u>
3740F	20 MISSION SUPPORT OPERATIONS	1,005,423	1,111,401	1,103,593	1,106,288
3740F	30 BASE SUPPORT	39,733	37,361	35,073	34,980
3740F	33 DEPOT MAINTENANCE	217,281	260,765	282,248	294,413
3740F	35 REPROGRAMMING/CREDITS	32,206	0	0	0
		0	(2,500)	0	0
	TOTAL, BUDGET ACTIVITY 1:	1,294,643	1,407,027	1,420,914	1,435,681
BUDGET ACTIVITY 4: ADMIN & SERVICEWIDE ACTIVITIES					
	<u>ADMINISTRATION AND SERVICEWIDE ACTIVITIES</u>				
3740F	40 ADMINISTRATION	<u>63,106</u>	<u>64,478</u>	<u>65,033</u>	<u>73,349</u>
3740F	50 MILITARY MANPOWER AND PERSONNEL MANAGEMENT	29,844	30,067	33,107	42,365
3740F	60 RECRUITING AND ADVERTISING	19,002	19,518	17,746	16,634
3740F	70 OTHER PERSONNEL SUPPORT	8,890	9,113	7,743	7,707
3740F	80 AUDIOVISUAL	4,936	5,762	6,063	6,361
3740F	85 REPROGRAMMING/CREDITS	434	518	374	282
		0	(500)	0	0
	TOTAL, BUDGET ACTIVITY 4:	63,106	64,478	65,033	73,349
	TOTAL, O&M, AIR FORCE RESERVE	1,357,749	1,471,505	1,485,947	1,509,030

EXHIBIT O--1

APPROP ID	ACCOUNT/BA/AG/SAG	FY 1994	FY 1995	FY 1996	FY 1997
<u>OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD</u>					
BUDGET ACTIVITY 1: OPERATING FORCES					
MISSION OPERATIONS					
2065A	10 TRAINING OPERATIONS	2,052,752	2,250,598	2,110,418	2,083,725
2065A	20 RECRUITING AND RETENTION	1,600,772	1,802,387	1,720,134	1,685,444
2065A	30 MEDICAL SUPPORT	22,427	19,564	20,110	19,974
2065A	40 DEPOT MAINTENANCE	26,204	25,761	19,109	19,038
2065A	50 BASE SUPPORT	108,419	113,557	100,687	116,060
		294,930	289,329	250,378	243,209
TOTAL, BUDGET ACTIVITY 1:		2,052,752	2,250,598	2,110,418	2,083,725
BUDGET ACTIVITY 4: ADMIN & SERVICEWIDE ACTIVITIES					
ADMINISTRATION AND SERVICEWIDE ACTIVITIES					
2065A	60 INFORMATION MANAGEMENT	175,932	176,940	193,690	190,710
2065A	70 PUBLIC AFFAIRS	57,760	53,783	59,496	52,259
2065A	80 PERSONNEL ADMINISTRATION	1,262	1,717	1,461	1,504
2065A	90 STAFF MANAGEMENT	79,453	84,144	89,665	92,636
		37,457	37,296	43,068	44,311
TOTAL, BUDGET ACTIVITY 4:		175,932	176,940	193,690	190,710
TOTAL, O&M, ARMY NATIONAL GUARD		2,228,684	2,427,538	2,304,108	2,274,435

EXHIBIT O-1

APPROP ID	ACCOUNT/BA/AG/SAG	FY 1994	FY 1995	FY 1996	FY 1997
<u>OPERATION AND MAINTENANCE, AIR NATIONAL GUARD</u>					
BUDGET ACTIVITY 1: OPERATING FORCES					
AIR OPERATIONS					
3840F	10 AIRCRAFT OPERATIONS	2,655,593	2,764,734	2,704,107	2,765,197
3840F	20 MISSION SUPPORT OPERATIONS	1,658,845	2,090,241	1,977,786	2,033,491
3840F	30 BASE SUPPORT	337,345	326,169	346,687	342,415
3840F	40 DEPOT MAINTENANCE	318,508	330,197	361,224	368,018
3840F	45 REPROGRAMMING/CREDITS	340,895	22,781	18,410	21,273
		0	(4,654)	0	0
TOTAL, BUDGET ACTIVITY 1:		2,655,593	2,764,734	2,704,107	2,765,197
BUDGET ACTIVITY 4: ADMIN & SERVICEWIDE ACTIVITIES					
SERVICEWIDE ACTIVITIES					
3840F	50 ADMINISTRATION	9,728	8,194	8,114	8,146
3840F	60 RECRUITING AND ADVERTISING	5,084	3,361	3,127	3,071
		4,644	4,833	4,987	5,075
TOTAL, BUDGET ACTIVITY 4:		9,728	8,194	8,114	8,146
TOTAL, O&M, AIR NATIONAL GUARD		2,665,321	2,772,928	2,712,221	2,773,343

EXHIBIT O-1

<u>APPROP ID</u>	<u>ACCOUNT/BA/AG/SAG</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
<u>MISCELLANEOUS</u>					
0107D	10 INSPECTOR GENERAL	135,363	140,872	139,226	139,860
1705A	10 RIFLE PRACTICE, ARMY	2,483	2,544	0	0
0104D	10 COURT OF MILITARY APPEALS	5,691	6,126	6,521	6,586
0116D	10 SUMMER OLYMPICS	1,139	18,189	15,000	0
0832D	10 SPECIAL OLYMPICS	0	3,000	0	0
0810D	10 ENVIRONMENTAL RESTORATION	0	1,781,451	1,622,200	1,622,200
0819D	10 HUMANITARIAN ASSISTANCE	103,000	65,000	79,790	71,633
0105D	10 DRUG INTERDICTION	0	721,266	680,432	700,756
0831D	10 INTERNATIONAL PEACEKEEPING	0	0	65,000	100,000
1236N	10 PAYMENT TO KAHO'OLAWA ISLAND	1,324	63,676	26,000	15,000
0827D	10 WORLD UNIVERSITY GAMES	656	6	0	0
0829D	10 WORLD CUP	6,365	1,125	0	0
0130D	10 DEFENSE HEALTH PROGRAM	9,617,847	9,934,759	10,153,558	10,018,995
0132D	10 DISASTER RELIEF	5,000	0	0	0
0134D	10 FORMER SOVIET UNION THREAT REDUCTION	202,480	400,000	371,000	364,400